



A Scandinavian Airlines System jetliner lying broken into three parts on Friday where it crashed just after having taken off from Stockholm. All 129 people on board survived. About 40 people were injured, seven seriously. Most of the people walked away unaided. The plane was bound for Warsaw via Copenhagen. Page 4.

ALGIERS — The Islamic Salva-

The results of the elections are



A supporter of the Islamic Salvation Front in Algiers waving a copy of the Koran on Friday to celebrate the party's electoral success

By Louis Uchitelle

ment that Robert D. Hormats, an international investment banker at Goldman, Sachs & Co., likens "to a

By Francis X. Clines

Sir, Which Way to

M.F.C. Student-Athlete Code of Honor

THE TEARS OF WAR — A woman in Tbilisi crying as supporters and foes of President Zviad Gamsakhurdia battled in the week-old power struggle. On Friday, there was a moment of cheer for the opposition when its members stormed a prison and freed five rebel leaders. Page 2.

By John Burgess

beaches to red hot Dixieland jazz. You'll find Great Lakes and a Grand Canyon."

"Today, there are more reasons

By Felicity Barringer

"We're in limbo," he said, while history spins out the next century's, or the last century's, geographic nomenclature.

Having just stopped the presses and pulled out pages reflect the reunification of East Germany and West Germany—now just Germany—in the society's sixth revision.

So Estonia will be brown, Latvia orange, Lithuania green, Byelorussia — now Belarus — yellow, the Ukraine

Parretti Is Held

Dow Tops 3,100
The Dow Jones industrial
rose 18.56 points Friday to a
record close of 3,101.52. Ana

lysis debated how long the stock rally would last. (C)

Dow Close	The Dollar In New York
DM	1.5188

Up	1.8750
Pound	1.8742
Yen	125.90
FF	5.1905

General News

As the end nears, Cambodia's rulers are picking the nation clean. **Page 2**

The new Commerce secretary is taking the helm of a demoralized agency. **Page 3.**

Money Report
Chaos, 1993-style

Class 1992-style — The analysts' views. **Page 14-15.**

Crossword Page 5

As End Nears, Cambodia's Rulers Pick the Nation Clean

By David E. Sanger
New York Times Service

PHNOM PENH — When a rumor swept through this battered city the other day that the minister of transportation, Ros Chhun, had evicted six families from a handsome government-owned house and sold it off, pocketing the money, hundreds of people poured out of the slums and took revenge.

They hauled the furniture out of the house and built a bonfire. Then they set fire to the jeep outside. They threw stones through the windows and ripped new white tiles off the walls. The police were called, but most of them had not been paid in months, so they just watched.

In the two months since the United Nations brokered a fragile peace agreement for Cambodia, ending 21 years of civil war, people in this weary, barely functioning city reacted first in amazement, and last weekend in violent anger, as officials of the Vietnamese-backed government sold the country building by building.

With only a few months left before United Nations troops move in and take over major government ministries, the cabinet of Prime Minister Hun Sen has been hawking everything it can to foreign investors: once-stately French villas that saw better days half a century ago, broken-down factories,

government warehouses, even school dormitories. If the rumors can be trusted — and it is virtually impossible to separate facts from street-corner fables in the lawless chaos of Phnom Penh these days — the ministers and their top aides have taken most of the profits themselves.

"They realize that in a few months they will likely lose whatever power they have," a senior Western diplomat here said the other day, after toting up the list of the week's sales. "So they are pinging out now."

The breakneck pace of the sell-off led to a confrontation last week between the police and students, touched off by arrests during an initially peaceful anti-corruption demonstration. By nightfall, the students were throwing rocks and the police were firing back with automatic weapons.

When it was over, six people, perhaps more, were dead and more than 30 were wounded. A curfew and heavy military patrols have kept the streets under control since, but there are periodic rumors that workers angry that they have gone months without their paychecks and university students angry about rampant corruption are getting ready for new demonstrations.

The National Assembly responded to the violent unrest by passing restrictions Friday on demonstra-

tions. The Associated Press reported from Phnom Penh. The legislation bans demonstrations deemed to be security risks, and requires people to give authorities 48 hours' notice before staging demonstrations.

Much of the fear and anger lurking on the streets of Phnom Penh centers on the return of the leaders of Pol Pot's Khmer Rouge, who evacuated this city at gunpoint in 1975 and left more than a million Cambodians — by some estimates as many as 2 million — dead after a four-year reign of terror.

Since then, the Khmer Rouge has been rebuilding itself in the jungle and in the teeming refugee camps in eastern Thailand. Under the UN peace plan, it is one of three bailing factions that, with the Hun Sen government and the recently returned head of state, Prince Norodom Sihanouk, is represented on a UN-created Supreme National Council that will symbolize the state until elections are held in 1993.

"We are still terrified of Pol Pot," said a merchant who came back to the city in 1985 and now sells small silver animal figurines to Cambodia's trickle of tourists.

Many say that if Khieu Samphan, the Khmer Rouge leader, returns to the city again for a first meeting of the coalition government, now scheduled for Monday after two delays, Cambodians who lost their families may try to lynch him, as they tried to

do last month before the army intervened. (Prime Minister Hun Sen confirmed Friday that Mr. Khieu Samphan was returning from Thailand for a meeting Monday of the Supreme National Council, The Associated Press reported.)

"The security is already prepared" for the Khmer Rouge, Mr. Hun Sen said. "We will use the infantry, and that will be enough."

Most here seem to agree that unless the Khmer Rouge is included in the peace process, the war that still claims scores of people every month, some to guerrilla attacks in the countryside, many more to land mines sown through the rice paddies, will never end.

After years of denying it, Mr. Hun Sen conceded the other day that corruption permeates his government. No sooner had workers ransacked Mr. Ros Chhun's recently appropriated home than the official was dismissed, along with the deputy minister of industry — who reportedly sold an iron factory — and several others.

"I love all the workers," Mr. Hun Sen said. "The government will resolve this problem."

Diplomats say that Mr. Hun Sen's ministers — and some of his family members — seem intent on skinning what little wealth remains after two decades of war.

WORLD BRIEFS

Disaster Areas Declared in 3 States

WASHINGTON (AP) — Flood and storm-ravaged parts of Texas, Iowa and Minnesota have been declared disaster areas by President George Bush, making them eligible for low-cost government loans and housing assistance.

Mr. Bush, who made the declaration on Thursday, viewed flood damage in southeastern Texas from the air on Friday. Severe freezing rain in early November caused widespread agricultural damage in northern Iowa and southern Minnesota.

In Texas, the Colorado River was expected to crest Friday southwest of Houston at 48 feet (about 14 meters) — 9 feet above flood stage. Some 1,800 residents in Wharton, Texas, have been urged to leave their homes as the Colorado threatens more flooding. Week-long rains have left 15 people dead in the southern part of the state.

Paris Settling Iran's \$1 Billion Claim

PARIS (Reuters) — An official of the French Foreign Ministry will fly to Iran on Saturday to sign an accord settling a 12-year financial dispute, government sources said Friday.

Contradicting press reports in Tehran that Foreign Minister Roland Dumas would travel to Iran, the sources said it would be his deputy, François Schœrer, who would sign the agreement.

France and Iran have been negotiating for two years to end the \$1 billion dispute, which involves a 1974 loan the shah made to the French Atomic Energy Commission. The loan was to pay for a nuclear plant, but the project was canceled after the shah was toppled in 1979 by the Islamic revolution. France has tentatively repaid \$630 million but has an equal counterclaim against Iran for other canceled projects.

Bomb Disrupts Ulster-Ireland Trains

BELFAST (AP) — The police halted train service across the Irish border Friday because of an explosion minutes after the IRA's 72-hour Christmas cease-fire ended at midnight.

The British police said an explosion was reported at 12:03 A.M. near the Newry train station in County Down. One line was cut out and a temporary office on the side of the track was damaged, they said.

Service was halted between Points Pass in County Armagh and Newry on Friday so security forces could search the line. This disrupted trains between Belfast and Dublin.

4 Killed by Rockets in Afghan Town

ISLAMABAD, Pakistan (Reuters) — Rebels fired 92 rockets into the Afghan town of Herat on Friday, killing 4 people and wounding 20 on the 12th anniversary of the Soviet invasion of Afghanistan, Kalmi radio reported.

The radio, monitored in Islamabad, said nine rockets were also fired into Kabul, where seven people were wounded. It was the third successive day of rocket attacks on Kabul, where 14 people were killed on Wednesday and Thursday.

A guerrilla news service said Afghan rebels burned effigies of Mikhail S. Gorbachev and Afghanistan's former king, Zahir Shah, at a protest rally in a Pakistani border town to mark the anniversary of the Soviet intervention in their country. The Soviet Union withdrew the last of its troops from Afghanistan in February 1989.

Punjab Plans Vote Despite Massacre

LUDHIANA, India (Combined Dispatches) — The governor of Punjab said Friday that the massacre of 51 train passengers by Sikh separatists would not stop his government from holding elections, as the gunmen demanded. Hundreds of soldiers searched surrounding areas but found no trace of the killers.

Sminder Nath, the governor, said: "I've told my men to go ahead with the election work with double determination. We will definitely conduct the elections on schedule." Voting is to be held before Feb. 15, Punjab, a northern state of 20 million people, has been administered by the federal government in New Delhi since 1987, when the state government was dismissed for failing to control a Sikh separatist insurrection.

Witnesses said 10 Sikhs stopped the train, which was carrying workers home to their villages from Ludhiana on Thursday evening, and raked the cars with rifle bullets after letting Sikh passengers get off. The gunmen shouted, "Stop the elections!" witnesses said. Most of the casualties were Hindus. (AP, Reuters)

For the Record

Seven South African blacks have been killed in political unrest in the last two days. The police said Friday that three were killed in fighting between rival groups using stones and knives in Masele in the apartheid-ruled Indian Ocean island of Natal.

A Nigerian student gave a bomb warning there was a bomb on a New York-bound JWA jet in order to delay it because he was late for the flight, a Copenhagen court heard. He and another Nigerian and a Kenyan appeared Thursday and were remanded in custody. (Reuters)

President Alfredo Cristiani of El Salvador has been invited by the United Nations secretary-general, Javier Pérez de Cuellar, to peace talks with rebels aimed at ending the country's civil war, diplomats said. (AP)

Cold winds in Bangladesh brought on by two days of winter rains have killed 15 people in the north of the nation, reports said Friday. The minimum temperature was only about 8 degrees centigrade (46.4 Fahrenheit), but it was chilly enough to kill poor people, most of whom lack warm clothing and live in huts. (AP)

TRAVEL UPDATE

Snow in Turkey blocked roads in the western and central parts of the nation on Friday. It caused traffic chaos in Ankara. The forecast was for more snow in most parts of the country in the next few days. (Reuters)

The Weather

Forecast for Sunday through Tuesday



North America: Heavy snowing in the north and west. Heavy rain in the south. Windy in the east.

Europe: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Asia: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Africa: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Australia: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

South America: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Oceania: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Antarctica: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Arctic: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Tropical: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Subtropical: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Temperate: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Cold: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Hot: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Hot: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Cold: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Windy: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Stormy: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Heavy: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Light: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Dark: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Bright: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Faint: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Loud: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Quiet: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Fast: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Slow: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very High: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Low: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Deep: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Shallow: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Wide: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

Very Narrow: Heavy rain in the north and west. Heavy snow in the south. Windy in the east.

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Commerce Dept., An Agency Adrift

Franklin Inherits Body Weakened
By Personalities, Styles and Events

By Keith Bradsher

WASHINGTON — President George Bush's choice for commerce secretary, Barbara H. Franklin, will inherit an agency diminished by its loss of primacy over international trade and somewhat weakened by the management style of its current leader, Robert A. Mosbacher.

NEWS ANALYSIS

Mr. Mosbacher, who will leave next month to head the president's re-election campaign, has played a limited role in interagency debates on issues like tax and health policy and international trade.

Unlike his combative predecessor, Malcolm Baldrige, he has spent much of his tenure jetting around the world on trade missions with the nation's corporate elite, seeking to open new markets for American exports.

He has promoted American exports with some success, including forcing Japan to amend its regulations on large retail stores, which

Mosbacher calls criticism of his performance the carping of 'low-level nerds.'

allowed Toys "R" Us to open its first discount outlet there last week. And even though he is a close friend of Mr. Bush, Mr. Mosbacher has not always chosen to use the relationship to push his own views or his agency's cause.

The result, say Mr. Mosbacher's critics, who include administration officials and Washington trade experts, has been an agency adrift.

A small crew of veteran administrators continues to work long hours on technical issues like weather forecasting, the census and economic indicators, while the department loses policy debates to other government agencies and watches from the sidelines while others determine the nation's health and tax policies.

And with the recent departure of several senior officials and the possible departure of several others, even the department's technical competence has been questioned.

"The department needs to be much more broad-gauged and not just a Chamber of Commerce," said a top administration official.

But other administration officials and some corporate executives strongly disagree. They point out that Mr. Mosbacher has worked well with businesses, and defend his emphasis on exports in light of the growing concern about the nation's economic competitiveness.

"The biggest thing he did as I saw it was that he is someone American businessmen trust," said Donald B. Marron, the chairman and chief executive of Paine Webber Inc. "He understands the issues; he's a good listener; he doesn't give people a lot of baloney."

Roger B. Porter, the assistant to the president for economic and domestic policy and a former Harvard University professor who has studied the nation's trade policy, said the department had not lost influence during Mr. Mosbacher's tenure.

"Bob Mosbacher has as close a personal relationship with the president as any commerce secretary has had in the post-World War II period," he said.

Mr. Porter, who served in the Ford and Reagan administrations, said the officials and industry lobbyists who played down Mr. Mosbacher's role were exaggerating the influence of his predecessors and missing the extent to which Congress had strengthened the Office of the U.S. Trade Representative at the expense of the Commerce Department.

Legislation in 1974 and 1988 clearly designated the trade representative as the nation's top trade negotiator, while the end of the Cold War has naturally left the Commerce Department's export control division with less to do, he said.

Mr. Mosbacher dismisses criticisms of his aloofness from policy matters as the complaints of "low-level nerds" in the federal government. The collegial nature of decision-making in the Bush administration has obscured the extent of his involvement, Mr. Mosbacher said in an interview.

Commerce secretaries have traditionally championed the interests of business within the administration. Mr. Mosbacher pointed to his success in persuading the White House that corporate leaders should accompany Mr. Bush to Japan next month.

And Mr. Mosbacher was the first cabinet secretary to warn that "banks" increasingly cautious lending policies were making it hard for companies to borrow and making it difficult for the nation to recover from the recession.

Mr. Mosbacher waged a personal and ultimately successful crusade earlier this year to persuade the Japanese to stop importing the shells of endangered sea turtles, a goal that had eluded American officials and environmentalists for a decade.

The Commerce Department is also playing the lead negotiating role on American trade in automobiles and auto parts with Japan, the "toughest bilateral commercial issue," Mr. Mosbacher has pushed for lower capital gains taxes and tax credits to support research and development.

Yet Mr. Mosbacher's sometimes limited influence as a cabinet secretary was illustrated again last Friday, when he scheduled a news briefing at the White House to discuss his successful effort to send top corporate executives with the president on his trip to Asia next month.

James K. Skinner, the new White House chief of staff, appeared during the briefing and took the podium first, praising the decision to take the executives on the trip and then listing the president's key economic policy advisers as the Treasury secretary, Nicholas F. Brady, the budget director, Richard Darman, and the chairman of the Council of Economic Advisers, Michael Boskin.

Mr. Skinner conspicuously did not mention either Mr. Mosbacher, who was standing nearby, or the Commerce Department, which has traditionally played a role in economic policy-making.

The incident highlighted an erosion during the 1980s of the Commerce Department's vast bureaucratic turf. The trade representative, Carla A. Hills, now dominates the nation's trade policy, and the departments of State and Defense increasingly share the department's role in deciding export control issues.

For Arkansas Governor, the Main Problem Is Geography

This is the second in a series of articles on candidates for the Democratic presidential nomination.

By Gwen Hill

New York Times Service

ATLANTA — Bill Clinton moved easily through a meeting room at the Ritz-Carlton Hotel here, chatting with the Democrats who had put on expensive suits and dresses to meet the Arkansas governor and write \$500 checks for his presidential campaign.

After spending weeks on the campaign trail in New Hampshire, Mr. Clinton was back in the region he knows best: the South. That night, he collected endorsements from two important Georgians, Governor Zell Miller and Senator Sam Nunn, and raised \$75,000 from well-heeled Atlantans.

Then he flew to Tennessee to woo Democrats with deep pockets in Memphis and Nashville.

The events are signs of Mr. Clinton's early success and his main problem. He raised more than \$3 million in the last three months. But much of that money came from the South — nearly a third of it in one fund-raiser in Little Rock, Arkansas — and Mr. Clinton knows he must overcome any notion that he will be solely a regional candidate.

"The geography is clearly against me," he said recently. "I'm a stranger in nearly every place."

Running on a message that is tailored for conservative times, Mr. Clinton has staked out his position on the Democratic right in much the way that Senator Tom Harkin of Iowa has laid claim to the left.

Square-jawed and good-humored, but lacking the charisma and war-hero status that has enhanced the candidacy of Senator Bob Kerrey of Nebraska, Mr. Clinton has nevertheless scored well with party strategists with a series of policy speeches and a victory in the Florida Democratic Party's nonbinding straw poll.

In each appearance, he has offered an assessment of the state of the American economy that borrows as much from conservative Republicans like Jack F. Kemp of New York as it does from liberal Democrats like the Reverend Jesse Jackson.

Like the middle-of-the-road Democratic Leadership Council he founded in 1985, Mr. Clinton is self-consciously centrist, urging what amounts to a marriage of traditional Democratic social concerns with economic policies borrowed from the Republicans.

The future of the Democratic Party, Mr. Clinton contends, depends on its willingness to alter its focus.

"I'd like for you to remember that John Kennedy got elected president not by telling people what they wanted to hear, but by challenging the established Democratic orthodoxy and challenging the American people to do better," he said in an interview. "I think we need dramatic change in this country. We've got to go beyond the established partisan divisions."

To get the opportunity to present his message to the general electorate in the fall, Mr. Clinton must first convince the more left-leaning traditional Democrats who vote in state primaries that there is more than an intellectual case to be made for moving the party to the center.

But in the party that nominated liberals — Michael S. Dukakis and Walter F. Mondale — in the last two elections, this may prove to be a tall order.

During these first throes of the primary season, Mr. Clinton has been received warmly enough outside the South to force Northern and Western Democrats — and some Republicans — to listen seriously to his mainstream message of middle-class tax relief and individual responsibility.

Mr. Clinton's toughest battles lie ahead. With Governor Mario M. Cuomo of New York out of the race, he has been deprived of the definition he had



Bill Clinton is doing fine in Dixie, but faces tough hurdles in taking his moderate message north.

been seeking as the clear alternative to a liberal from the Northeast.

Instead, he must now carve out a niche for himself in a Democratic field where both Mr. Kerrey and Mr. Harkin have a shot at early victories before the Super Tuesday primaries in the South in March.

Now that the field is set, Mr. Clinton's supporters are trying to make a marketable virtue of his moderation.

"The junior senator from Iowa may run wild," Mr. Nunn said in introducing Mr. Clinton last week. "The junior senator from Nebraska may run hot and cold, and the governor of New York may not run at all. Bill Clinton will run straight and true."

But the Democrats remember all too well their

previous brushes with presidential candidacies from the South and companions as are inevitable as they are frequent.

Many remember President Jimmy Carter's loss to Ronald Reagan in 1980 as a rejection of both the candidate and the party's message. In 1988, Senator Al Gore of Tennessee, who was also billed as a conservative Democrat who could win back Reagan Democrats, based his strategy in the South only to stumble badly in New York.

Mr. Clinton and his aides insist they will make neither Mr. Carter's nor Mr. Gore's mistakes. But they also realize that for a governor from a small, impoverished state that has improved, but not flourished, under his leadership, the road to nomination has an alarming number of potential pitfalls.

To the last month, the most pressing chore has been to raise the money needed to introduce Mr. Clinton to millions of voters on the unfamiliar terrain he must negotiate during the next few months. If he fares respectably in New Hampshire and South Dakota, his hand will be strengthened when he returns to the South for a slate of regional primaries that will include Georgia, Florida, Tennessee, Louisiana and Texas.

Mr. Clinton, 45, his bushy gray hair recently sculpted into a restrained style and his speeches similarly restrained, has been using the campaign trail to test himself and to gauge the degree to which an unknown Southern governor can win broad support in a time of national economic distress.

"The psychology of New Hampshire is very difficult," he said. "It's even different from the South where we were used to getting beat up in the 80s. Half of the people drawing welfare checks are middle-class or higher. It's a very painful thing to see."

But for Mr. Clinton and the other Democrats, the economy's continuing slide is good political news as they seek footholds to challenge President George Bush. In conservative Orange County, California, a group of top Republican fund raisers met with Mr. Clinton and immediately wrote checks for his campaign after hearing his economic message.

"I don't want to be happy about a recession," said Frank Greer, the campaign's media consultant. "But let me tell you, it helps big time."

The message Mr. Clinton has been honing on the stump has emerged as a nakedly insistent appeal for middle-class voters that includes a proposal to cut income taxes for the middle class by 10 percent and provide tax incentives for business investment.

After Mr. Clinton delivered his economic policy speech at Georgetown University last month, a student asked him if he was planning to abandon the party's traditional role as champion of the poor.

"There is no hostility to the poor in my plan," Mr. Clinton responded. "If you're going to help the poor with tax money, somebody's got to earn the money to pay the taxes. The best way to help the poor is to expand the middle class."

NEXT: Paul Tsongas.

Experts Dispute Data Linking Breast Cancer and X-Rays

By Gina Kolata

New York Times Service

NEW YORK — Experts on cancer and radiation are challenging a report in The New England Journal of Medicine that as many as 1 percent of women carry a gene that can greatly increase their risk of breast cancer if they are exposed to even low levels of X-rays.

The authors of the report, Dr. Michael Swift of the University of North Carolina, studied 19 women with a single copy of a gene that causes ataxia telangiectasia, a disease affecting coordination when a person inherits two copies.

Some of the radiation exposures, like those from a barium enema, would result in minuscule doses of X-rays to the breast, Dr. Boice said.

"It is hard to imagine that doses of these small magnitudes would be associated with a detectable increase in breast cancer," he said.

Some doses, he added, were "equivalent to what you get from natural background radiation."

"I don't think you want to draw those conclusions based on 19 breast cancers and an incomplete ascertainment of radiation exposure," Dr. Boice said.

Experts at Memorial Sloan-Kettering Cancer Center also described Dr. Swift's study as highly flawed.

To an earlier study, Dr. Swift found that nearly 8 percent of all breast cancer in the United States could be attributed to this gene. In his new study, he looked at the health records of 1,599 relatives of people with ataxia telangiectasia and 821 of their spouses.

Researchers found 19 women who developed breast cancer in the course of the six-year study and compared their radiation exposures with those of 57 others who showed no signs of cancer.

The researchers said the X-ray exposure had led to a sixfold increase in the cancer risk of the women who developed breast cancer.

Dr. Swift told The Associated Press on Thursday, "If it is true, it demonstrates a way to prevent perhaps 5,000 to 10,000 cases of breast cancer per year."

Dr. Swift determined which women were exposed to radiation by sending them questionnaires and looking at hospital records. He said it was impossible to determine radiation doses and added that he did not look at records of mammograms, which would directly expose the breast to a larger dose, but is doing so now.

Dr. Swift said he presented his data earlier this year to a very skeptical audience at the National Cancer Institute.

Dr. Boice, a member of that audience, said he and his colleagues remained unconvinced.

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Rising LSD Use by American Youths Sounds Echo of '60s

New York Times Service

NEW YORK — Cocaine, marijuana and alcohol have been losing popularity among high school students for almost a decade, but a growing number of young people are using LSD, the drug that virtually defined the counterculture of the 1960s, authorities say.

"We thought it had largely faded away," said Robert C. Bonner, the head of the federal Drug Enforcement Administration. "But we're seeing an increase in use of the drug now, a re-emergence."

In a survey by the University of Michigan, 54 percent of the nation's 2.7 million high school seniors said that they had used LSD last year, the highest level in seven years and an increase over the 49 percent who said so in 1989.

By contrast, alcohol use among seniors declined to 80.6 percent from 82.7 percent, marijuana use declined to 27 percent from 29.6 percent, and cocaine use declined

to 5.3 percent from 6.5 percent. Among signs of increased use — and the hazards of drug use — there has been a rise in the number of people admitted to hospital emergency rooms because of bad experiences with the drug. And arrests for selling the drug are up sharply.

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The U.S. Monitoring Of Arms Sales Faulted

By Barbara Crossette

New York Times Service

WASHINGTON — The United States is not adequately monitoring what happens to billions of dollars in arms and military equipment supplied each year to foreign countries, a report from the General Accounting Office has concluded.

A 10-month investigation by the office found in spot checks that equipment had been sold in contravention of U.S. law or had simply disappeared from the custody of foreign governments that were lax in keeping records on military transfers from the United States.

In Thailand, one of seven countries visited during the study, investigators learned that eight C-123 aircraft were not at the airfield near Bangkok where they were listed as based by the Thai. Two other C-123 planes had apparently been cannibalized earlier for parts.

In the Philippines, the team was told that the army was looking into allegations that several Filipino officers had used falsified requisitions to steal and sell M-1 rifles, 400,000 rounds of ammunition and 200 grenades to buyers thought to be supplying insurgents.

Honduras and Guatemala had not updated for several years inventories of U.S. military equipment transferred before 1982, because they were not asked or did not respond to requests.

In Barbados, 7 of 17 items delivered to the Barbados Coast Guard could not be accounted for. At a Portuguese Army warehouse, material was lying unattended.

The diversion of U.S. equipment, apart from representing a costly drain on military aid, can create policy problems for the United States if material falls into the hands of such unaccountable third parties as terrorists, narcotics traffickers or guerrillas.

"The risks of diversion of military items are substantial," the report concluded. It said diplomats and officials of the Defense Department charged with monitoring military aid abroad were failing to do so in many cases. At some embassies, there were concerns that the host country might be upset if too many questions were asked. Other countries closed military warehouses or bases to outsiders.

The report was presented to the House Armed Services subcommittee on Investigations on Dec. 16. It recommended that the Defense Department develop stricter standards of accountability for military aid.

General Manuel Contreras, retired, paid the equivalent of \$2,700 in bail and left the military hospital in a suburb of Santiago where he has been held since September.

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All 129 on Board Survive SAS Crash Near Stockholm

By Glenn Frankel
Washington Post Service

LONDON — All of the 129 passengers and crew of a disabled Swedish airliner survived on Friday when the plane developed engine trouble at 2,000 feet and crashed-landed into a small, snow-covered field near Stockholm just minutes after takeoff.

After reporting that both engines had failed, the pilot glided the Scandinavian Airlines System MD-80 plane past a village, skimming treetops to help brake its speed. The aircraft broke into three pieces when it hit the ground, but there was no fire despite the fact that the fuel tanks were nearly full.

About 40 people were injured, seven of them seriously. But most of the 122 passengers and 7 crew members walked away from the wreckage unaided.

"It's a Christmas miracle," said Prime Minister Carl Bildt after visiting the crash site.

Claes Westlau, an air-control official at Stockholm's Arlanda International Airport, said, "I was completely convinced all would die when I saw the plane coming down on my radar screen."

No immediate cause for the crash was determined. The plane, which was less than a year old, was manufactured by McDonnell-Douglas and is one of hundreds of

MD-80s in operation, according to an airline spokesman.

The plane was on the first leg of a flight to Copenhagen and Warsaw and left Arlanda at 8:45 A.M. It had been airborne less than three minutes when the pilot reported loss of power in both engines, according to officials.

The pilot, Stefan Rasmussen, 44, a Danish Air Force veteran who has flown commercial airliners for 14 years, said he tried to restart the engines. "I tried to glide as far as possible," he said at a news conference in Stockholm. "I used all my skill."

Captain Rasmussen said he avoided two potential landing sites because he could not steer the plane far enough to the right. The plane was moving at about 155 miles per hour (250 kilometers per hour) a minute before the crash. He cut through the tops of a forest of tall trees to slow the plane down, and it hit an icy meadow and slid about 100 yards (90 meters) before coming to rest about 10 miles north of the airport.

Many of the stunned passengers spilled out of the ripped sections of cabin through gaping holes. The right wing was sheared off and the right engine smashed.

"I was astonished that we were still alive," one of the passengers, Graham Svardstrom, said.

Captain Rasmussen, who sustained head and neck injuries, left



Captain Stefan Rasmussen, who used "all my skill" in landing.

the news conference without commenting on whether either of the engines were functioning at the time of the landing. The Swedish news agency TT said he had reported to the control tower that he had lost power in both engines and also reported ice on the wings.

But John Tulin, chief of flight

operations for SAS, insisted that the wings had been deiced before takeoff and said one of the engines must have been functioning in order for the pilot to have brought it down from 2,000 feet.

"The captain did a tremendous job, setting down the aircraft as he did," Mr. Tulin said.

Japanese Recognize Russia, Cite Islands

Compiled by Our Staff From Dispatches

Japan extended official diplomatic recognition on Friday to the Russian Republic as the successor to the Soviet Union and renewed calls for the return of islands captured by the Soviet Army at the end of World War II.

Governments throughout the world continued to troop forward to recognize the new republics of the former Soviet Union. Among them on Friday were China, North Korea, South Korea, Albania, Peru, Vietnam and Spain.

A Japanese government spokesman, Koichi Kato, made the announcement in Tokyo after the cabinet met Friday morning and approved establishing diplomatic relations with Russia.

Japan may recognize the other 10 former Soviet republics that have joined Russia in a new Commonwealth of Independent States by year's end, officials said. Like the United States and other Western countries, Japan has put off recognizing Georgia, which has been scarred by unrest.

Mr. Kato said Prime Minister Kiichi Miyazawa would send a letter to the Russian president, Boris Yeltsin, seeking the return of a small group of islands off northern Japan that were occupied by the Soviets at the end of World War II.

The dispute over the Kuril Islands prevented Japan from signing a peace treaty with Moscow after the war.

Beijing had adopted an extremely cautious approach to the final break-up of the Soviet Union. The Foreign Ministry announced the decision on recognition in a brief statement read on the national television news.

Earlier Friday, the Chinese leaders paid a barely polite tribute to the former Soviet leader, Mikhail S. Gorbachev. On Wednesday, the official press assailed him for ruining his country.

(AP, Reuters, AFP)

Germans Make a Pitch for Volga

Agence France-Press

BONN — Germany asked the Russian president, Boris N. Yeltsin, on Friday to revive as soon as possible the Volga Autonomous Republic for ethnic Germans, which Stalin abolished in 1941.

An Interior Ministry statement said Mr. Yeltsin gave a written undertaking during his recent visit to Germany to revive the Volga republic, whose inhabitants were exiled to remote territories like Central Asia after the Nazi invasion.

It is estimated that about a million ethnic Germans, half the total in former Soviet territories, live in Kazakhstan.

"The re-establishment of the Volga republic on lands traditionally settled by Germans should be accelerated because this German center has a

strong symbolic value for all Germans in Russia and other former Soviet territories," said the Bonn text.

The statement said the German government hoped ethnic Germans in former Soviet territory would opt to resettle in the Volga region rather than emigrate to the German homeland in large numbers, as is occurring at present.

It said the Bonn government would provide financial aid to a German-speaking republic. But it said the door was still open for ethnic Germans preferring to move to Germany.

The scattered ethnic Germans are descendants of the 27,000 settlers encouraged by Empress Catherine II in 1760 to take up farming along the then empty lands of the lower Volga.

ARMS: Republics Keep Sparring on Military Matters

(Continued from page 1)

cussed here Friday at a session of Commonwealth defense ministers.

The ministers met for two days to prepare the agenda for a chief executives' meeting Monday in Minsk, the Commonwealth's capital city.

[The defense ministers signed four documents on a unified armed forces, a defense council, a military court and the status of military personnel, the interior news agency reported. Few details were released, but the agreements will form the basis for the meeting in Minsk, The Associated Press said.]

Some progress was reported in a related meeting in Kiev, the Ukrainian capital, where Moscow defense officials met with Mr. Kravchuk to work out controls over nuclear weapons in Ukraine and in the three other nuclear powers, Russia, Kazakhstan and Byelorussia.

"The major questions were settled," Mr. Kravchuk told reporters, without going into detail.

■ **Rift on Economic Policy**

The Minsk meeting will tackle differences between Russia and Ukraine over economic revisions, which the Commonwealth agreement says should be coordinated between member states, news agencies reported.

Ukrainian leaders have publicly attacked Mr. Yeltsin's plan to free most prices in Russia on Jan. 2.

Ukraine proposed Tuesday that the move, already postponed from Dec. 16, be put off a further two weeks to give others more time to prepare for the anticipated shock.

Russia refused.

Ukraine has brought forward plans to issue its own coupons as a parallel currency to rubles and threatened further measures.

There were these other developments on Friday:

■ **Mr. Yeltsin issued a decree** taking over control of Soviet central television and radio. The decree said the stations was to broadcast news from Russia and the new Commonwealth. Tass reported. It will be headed by Yegor Yakovlev, former editor of the weekly Moscow News, one of the architects of Mr. Gorbachev's policy of *glasnost*, or openness.

■ **The European Community** said Friday that it was sending 72 tons of emergency medical aid and baby food to Moscow and St. Petersburg. The Community said two transport planes would leave Paris over the weekend carrying the products for distribution in hospitals. The aid is part of a package agreed on at the EC summit meeting this month.

■ **Finland, citing uncertainty** over events in Russia, said Friday that it would increase spending for its 4,500 border guards. "The situation in areas close to us contains many uncertainties, mainly because of the food supply situation," Interior Minister Mauri Pekkanen said in a statement.

"Increasing tourism will also have its effect, especially on the southeastern border and in the Gulf of Finland."

Finland shares a 1,260-kilometer (800-mile) border with Russia, stretching from the Arctic to the Gulf of Finland. (Reuters, AP)

Sweden Expels Last (Soviet) Spy

Reuters

STOCKHOLM — Sweden has expelled a Soviet Embassy official, apparently for spying for a country that no longer exists.

"The government has received information from the security police that an official of the Soviet Embassy in Stockholm was engaged in activities incompatible with his official task in Sweden," a Swedish Foreign Ministry statement said Friday.

JAPAN: Ahead of Bush Visit, Tokyo Readies Trade Concessions on Cars

(Continued from page 1)

the trade package, an American official said.

"There's a pervasive desire to make this a successful visit, and a recognition that if the visit is going to focus on the broader global issues that both sides think are significant, it can't have a poor economic area," the official said.

A senior Foreign Ministry official said Friday that Tokyo hoped Washington would agree to producing two separate documents as a result of the meeting between Mr. Bush and Prime Minister Kiichi Miyazawa. Mr. Bush is to be in Japan on Jan. 7-10 after stops in Australia, Singapore and South Korea.

Under the Japanese proposal, one document would be a broad statement of friendship emphasizing political and diplomatic issues of shared interest, such as stability in the Asia-Pacific region, and the other would be an "action plan" on economic and trade issues.

Asked what Japan wants in exchange for its concessions on trade, the official replied: "We want reaffirmation of the U.S.-Japan security treaty, and we want an American commitment to remain engaged in Asia and the Pacific."

One concession that is apparently not likely to be made by Tokyo — although U.S. automakers have demanded it — is a reduction in the export of Japanese cars to the United States.

Officials at the Foreign Ministry and the Ministry of International Trade and Industry strongly denied a report in *Nihon Keizai Shimbun*, Japan's leading financial daily, that MITI would urge carmakers to curb exports beyond the current "voluntary" ceiling of 2.3 million cars a year as a way of easing financial pressure on Detroit.

Lee A. Iacocca, chairman of Chrysler Corp., has declared that his company's survival may ultimately depend on such restraint by Japanese automakers.

But MITI officials said the ministry endorsed the Bush administration's broad policy on Japan, which is to increase exports of U.S. products to Japan rather than reducing exports of Japanese products.

The minister of international trade and industry, Kozo Watanabe, said exports of Japanese cars were not at issue. "The United States is interested in increasing the procurement of U.S.-made auto parts by Japanese manufacturers, and the export of U.S. cars to Japan," he said.

Beyond export curbs, it is difficult to conjure up new measures that would substantially reduce the huge surplus that Japan enjoys with the United States in autos and auto parts, MITI officials acknowledged. The auto sector accounted for about three-quarters of the \$41 billion trade imbalance between the two countries last year.

One major problem facing Tokyo is that Japanese auto compa-

nies only recently announced, under government pressure, "voluntary" programs to increase their purchases of U.S. auto parts. They are reluctant to offer more.

The Japanese government is also considering several U.S. proposals to make it easier for Detroit to sell cars here. GM, Ford and Chrysler have complained that their sales efforts in Japan are hampered by costly and time-consuming modifications.

Japan requires, for example, that all cars sold in the country — not just imports — be fitted with a dashboard light to show if a fire or other malfunction is occurring in the catalytic converter. The U.S. Big Three insist that American catalytic converters break down so seldom that the warning light is unnecessary.

Transport Ministry officials are reportedly balking at lifting the warning light requirement. But they are more willing to consider easing requirements on brake testing.

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ALGERIA: Big Victory for Islamic Fundamentalists

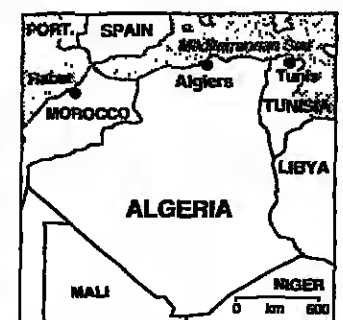
(Continued from page 1)

certain to cause concern in neighboring Tunisia and Morocco, where fundamentalists are severely repressed but are believed to have large followings among the poorest classes, as they do in Algeria.

The governments of Egypt and Jordan, where some democratization has led to powerful Islamic political movements, are also bound to view the Algerian developments with dismay.

In Western Europe, France, Spain and Italy, which have together 4 million Algerian expatriates whose presence has stretched public acceptance of immigrants, already registered their fear that the advent of Islamic fundamentalism might push millions more to flee.

At Friday prayers at the fundamentalist mosque of Ibn Badies in the Qubah neighborhood, some 30,000 fundamentalist adherents of the Islamic Front chanted as one of their leaders, Sheikh Abu Kheiridin Homi, told them "tribunals will be set up" to try enemies of the Islamic movement and those who "stole" money and ordered Muslims killed,



an allusion to many officials of the government.

Sheikh Homi also said it was time for all Algerian women to conform to the Islamic dress code, wear the veil and stop "looking like cheap merchandise that can be bought and sold."

Many of Algeria's numerous secularized and Western-educated women have expressed anxiety at the outcome of the voting.

"I am afraid we are entering a dark age," said Fatima Lesbeth, who lives in Algiers and works for a foreign company. "This is an abso-

lutely terrifying thing, more so since it has resulted from our own voting."

"There is nothing surprising about what is happening here," said Zawi Ben Hamadi, editor of the independent newspaper *Algérie Actualité*. "We should have known it was coming."

"We are at the point," Mr. Ben Hamadi added, "where out of the entire population of this country, there is barely 1 million people who are participating in a civilized cycle of life, in the sense that they have good jobs, collect a reasonable salary, deal with banks and sometimes can take vacations. The rest of the country lives at subsistence levels or below that. Yesterday, they got the right to express themselves."

On Friday night, some senior officials of the National Liberation Front were privately talking about the possibility of a coup by the army.

But foreign diplomats who know some of the senior army generals say that the Algerian Army, born in the war of independence against France from 1954 to 1962, is wary and not likely to accept any mission that involves killing Algerians.

"I think the power elite is making a serious error if it is counting on the army to bail them out this time," said one Arab diplomat.

"The army seems to have opted for interference to save the country from utter chaos," the diplomat said, "not from a freely elected government which enjoys great popularity."

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By Elizabeth Shogren
Los Angeles Times Service

● The central government in Moscow, which had been financing the Hermitage's yearly budget of almost 30 million rubles ran out of



"The administration makes decisions based on its administrative priorities, and no matter how loudly the artistic specialists protest, the administration does not listen,"

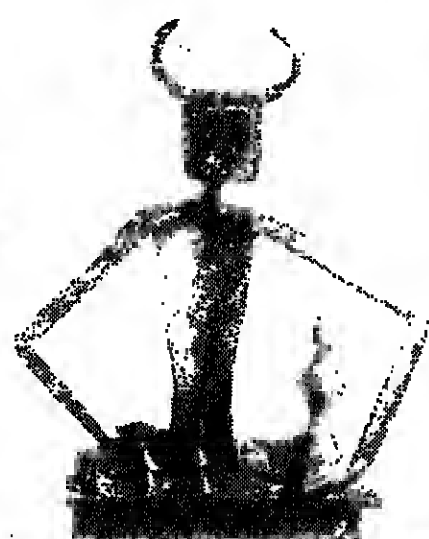
"We must decide whether we will preserve these artworks or not," said Natalya A. Zakharova, who has worked as a curator in the museum for 30 years. "If not, we should send them out to other republics or other countries — or they will just perish."



Max Ernst: The Art of Dreams

Max Ernst: The Art of Dreams

THE dream, and the fact that it was remembered later in life, gives a certain insight into Ernst's approach to private psychological experience and to art.



One of his finest works is the "Dressing of the Bride," which is on loan from the Peggy Guggenheim collection in Venice. Beautifully executed, wonderfully bizarre, it conjugates terror and eroticism in a complex canvas which suddenly reveals all that Surrealism has in common with the luxuriance of the Symbolist art that was dominant throughout Europe when Ernst was a boy.

This holds true of a number of other works. Especially in the later years, Ernst's technique sometimes appears to have been rather too self-indulgent for the good of his art. His inventiveness in this domain is almost always intriguing, but it does not necessarily yield the desired artistic results, and he occasionally allowed himself to indulge in the fun of testing a new technique, even if it meant losing some of the vital poetic energy that marks so many of the earlier paintings.

Even in this, however, Ernst has nothing in common with his fellow Surrealist, Salvador Dali. He had none of Dali's insinuating perversity, none of his morbid lust for attention and for wealth. He did not compromise for the sake of success, and even his less effective works can be seen to have a purposefulness of their own.

Viewing these works today, one cannot help noting how swiftly they have been swept off into the perspectives of history. One thing does remain, however: Ernst has left his mark on our imagination and definitively changed the way we see things.

Manna for Museums: Stones at the Max

But don't expect to see a five-story image of Mick Jagger dancing with the devil at the Smithsonian's National Air and Space Museum — for the moment at least.

"At the Max" is the first full-length feature movie in the IMAX format, which uses an image 10 times larger than the standard

science center." And, she added, "we can use the revenue that comes back to us to support the science education programs that we believe are so important."

A 12x12 crossword puzzle grid. The grid is 12 squares wide and 12 squares high. Black squares are placed at various positions to create a crossword puzzle layout. The numbers are placed in the top-left corner of the starting squares for each word.

Numbers 1 through 120 are placed in the grid, indicating the start of words. The grid is labeled with numbers 1 through 120, indicating the start of words. The grid is 12 squares wide and 12 squares high. Black squares are placed at various positions to create a crossword puzzle layout. The numbers are placed in the top-left corner of the starting squares for each word.

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38 Busbes' Millie, e.g.	58 Rubberneck	81 Elbow grease	102 Prom queen's date
40 Polynesian apparel	59 A Met score	84 Calculus calculation	104 Tenant
42 Steven's modifier	62 Out of — (grumpy)	86 Damage	108 It's to the left of the Rive Droite
43 Some form-shed data	63 Jack Nasty	88 Predicament	109 Seed coat
44 Couch potato's meals, often	64 Haratio Alger book, e.g.	90 Last of a familiar hebdomad	111 Actress Petrova
46 Gun a motor	66 Jelly used as a garnish	91 Part of a worm's body	113 Narrow pen
48 Halloween option	68 Geis a circuit ahead in H race	93 Nipper's co.	115 Don't dele
52 Helps with the dishes	69 Vaudeville performance	94 Dick's pianist	118 Rictor's phrase
54 "Home," McCartney song	72 Family of The Minister's	95 Taste	119 Gold medalist Biondi
55 Sordor	73 Wooling' author	97 Sabot's sound	120 Ultimatum war
57 Little lily	74 Rails	98 Strips, in a way	122 Croce's "Gat a Name"
	75 Montenerky Mrs.	100 Clarinet's large cousin	124 King of aves.
	78 Signs	101 You can — horse —	125 Like some stare

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1 Give — whirl (try!)	62 Draft initials
4 Sahara sections	65 Coronet
8 Wrong	67 Emulates
13 Unbends	Dennis Cooner
18 Buttonwood	70 Emulate Brian Boltano
20 Desiccate	71 Responsibility
21 More unctuous	73 They get cooked with vegetables
23 Ron Nessen was one	76 Run producer
25 Bug	77 Verso's opposite
26 Mentor of Luke Skywalker	79 Lifesaver stuffing
27 Wizenred	80 Coil or curl
28 Selling for "Hogan's Heroes"	82 Wing's ailment
30 Scott Turrow book	83 Bing Crosby's birthplace
31 Parts of sonnets	85 Jacob's sword
34 Head sweaters	87 Mair.
35 Sydney-to-Lord Isle island dir	89 Shish-kebab holder
36 Pucker!	90 Lines of cliffs
39 Avine activity	92 Who's station
41 It has 32 men	96 Nero's teacher
45 Saw-toothed ridge	98 Tolerated
47 Bar slug	100 Caboose neighbor, perhaps
49 Actions Costner and Kline	101 Phrase on many dietary foods
50 Mathew, in Madrid	103 Like
51 Clio and Edgar	105 "Kensilworth" heroin
53 Got the lead out	106 Thematic letter series
6 Europe's longest river	107 Send packing
90 North Sea	

Solution to Puzzle of Dec. 21-22

[illegible]

Herald Tribune

Published With The New York Times and The Washington Post

Finish the Trade Bridges

At a moment when governments throughout the world are frantically seeking faster economic growth, their best hope for it is on the edge of collapse. The phenomenal increase in world trade over the past 40 years has been one of the great engines driving growth rates and lifting standards of living. The most direct way to ensure that trade keeps expanding is to strengthen international rules, and a conference of 108 countries has been at work on that for over five years. Known as the Uruguay Round of negotiations, the effort is now close to failure.

The immediate reason is the European Community's dogged insistence on its huge farm subsidies and its bad habit of dumping its agricultural surpluses abroad at subsidized prices that damage other farmers often in much poorer countries. But a lot of American industries are also fighting this agreement. It would offer American farmers, for example, less access to foreign markets than they want. Industries shielded by protectionist laws—textiles, to take one notorious case—don't like the agreement.

The negotiations have been deadlocked for more than a year. A few days ago Anhui Dunkel, the technocrat who is in effect the chief administrator of these talks, brought out his own proposed compromise treaty. It is his best judgment of a fair and practical solution. If the 108

countries reject it, that's likely to be the end for many years of any broad attempt to strengthen the laws of world trade.

For the United States, the Dunkel text would be a very good deal—not perfect, but a great improvement over the present situation. That may not be the impression you will get over the coming weeks, because you will be hearing—at high volume—from the movie producers, the textile manufacturers, the pharmaceutical companies, the sugar beet growers and all the other special interests.

But the Dunkel proposal would speed up the machinery to resolve disputes and cut litigation. It would help American service industries operate abroad. It would put domestic subsidies in every country under a new discipline.

Despite that, it may fail. The European Community's trade ministers have already found fault with it. Economic growth always threatens some producers, and sometimes they can block it. The recession is generating anxieties that make politicians conservative in the sense that they do not want to threaten anybody's status quo. But it remains true that a rising flow of international trade would give the United States, Europe and the world their best chance for strong economic growth through the 1990s.

—THE WASHINGTON POST.

Despoil Liberia's Spoiler

The Liberian rebel leader, Charles Taylor, who wishes to be regarded as president of his now-partitioned country, is strikingly close to a place in history as the destroyer of the landmark accord that ended the bloody civil war he instigated two years ago.

The agreement hammered out in October among Mr. Taylor, Dr. Amos Sawyer—the internationally recognized president of the interim government of Liberia—and key West African leaders called for disarmament and encampment of Liberian fighting forces within 60 days followed by elections within six months. The plan was supposed to get underway on Nov. 15 under the auspices of a multinational West African peacekeeping force. At this point, the peace process is stalled at dead center.

Mr. Taylor continues clinging to his troops, their guns and most of the territory they captured through the imposition of widespread mayhem and terror. All but the capital of Monrovia is under his force of arms. So once again Liberia's West African neighbors and the international community are being forced to look on as that nation's stability and the peace process are jeopardized by more of Mr. Taylor's machinations.

That frustration with him is high, particularly in West Africa, is understandable.

His earlier refusal to cooperate with the Nigerian-dominated peacekeeping force, which he mistrusted, prompted President Abdou Diouf of Senegal—with U.S. encouragement—to include 1,500 Senegalese troops who took part in Operation Desert Storm and who were thought to be more to Mr. Taylor's liking. Then his complaint to West African leaders about attacks on his forces by opponents based in neighboring Sierra Leone led to an agreement to create a buffer zone staffed by peacekeeping forces along the border dividing the two countries. And in response to Mr. Taylor's fear of not getting a fair shake at the polls, the regional agreement called for the elections to be independently monitored by former President Jimmy Carter and a group of international observers of his choosing.

In all, West African leaders, with some financial support from the United States, have met Mr. Taylor's major conditions for allowing the people of his war-torn country to know the peace and security they deserve. It is he who is preventing a just resolution.

—THE WASHINGTON POST.

Cancer Ignores Borders

Women's fear of breast cancer is grounded in reality: One of every nine American women will be found to have the disease. So it is sad and even infuriating that one very promising drug treatment cannot be tested in the United States. The drug is RU 486, which might well be effective against breast cancer.

But RU 486, used in conjunction with progesterone, is a safe and effective abortion agent. And Roussel Uclaf, the French company that developed RU 486, will not even test it in the United States because it fears that anti-abortion activists will stop buying its other pharmaceuticals. The company has even turned down requests for cooperation on breast cancer studies from two U.S. cancer centers.

Instead, Roussel Uclaf has timidly arranged for large-scale testing in Canada, where the company thinks it is less likely to face boos and boycotts. Canadian women may well have a useful new therapy for

breast cancer within a few years. U.S. drug regulation being strict, U.S. women will not.

There may be a way, though, for American women to override Roussel Uclaf's pusillanimity—and that's by outbidding the "lonely hecklers" who should "be ignored," in the words of Mayor David Dinkins of New York, who joined 29 other big-city mayors in asking that RU 486 be brought to America. Let them take a leaf from the book of those who raise their voices on behalf of people with AIDS.

There are intelligent ways to protest the Food and Drug Administration's "import alert," which was meant to apply only to small personal quantities of the drug but which frightened Roussel Uclaf out of supplying the material for his studies. There are intelligent ways to protest to Congress about the control imposed by a noisy minority over the lives of millions of women.

—THE NEW YORK TIMES.

Where Is the Library?

That this is the Information Age is a truism whose endless repetition would fill many libraries. As it happens, libraries—long the repositories of information—have reaped difficulties as well as benefits from this development.

Information in the Information Age has come to mean primarily not the familiar books and knowledge, but an ever-expanding constellation of new data-finding services, from computerized media databases to automated book-locator systems. The pressures to make full use of these exciting new abilities can be intense—especially in library systems that worry about attracting enough of a public to retain tax support.

As in any sector, the normal organizational urge to modernize and move forward is strong. And when computer companies or well-meaning benefactors offer free start-up equipment, it is almost unthinkable for libraries to say no—even if, as sometimes happens, the gifts will carry hefty future costs in terms of operations, updates and security.

That is the backdrop to the disturbing phenomenon reported recently by Steve Bates and Stephen Turnham in The Washington Post: Public libraries in many Washington suburbs find themselves spending substantial amounts of money on new equipment and large-scale modernizations even while cutting the money that is needed to keep libraries open. In some cases, branch libraries with the newly updated systems cannot open at all.

Technology doesn't always make it less expensive to run a library, as one would think; in general, annual maintenance costs and periodic updates of the information in the services make it more expensive than before, draining money out of other parts of the budget. University libraries, with their greater needs and temptations, have experienced this drain even more acutely.

There are cases of cost-saving, as with the D.C. public library's book security system, which has cut down on book loss by non-returners by keeping the cards of current offenders in a central network. And, of course, libraries do become more powerful.

But at the basic level some technology turns out to be annoyingly double-edged. When a card catalogue goes on computer, it becomes vastly easier to use—but for only as many patrons as there are computer terminals, which must be constantly repaired. The same goes for encyclopedias.

The American Library Association has tracked repeated changes in conventional wisdom over whether a new technology—microfilm, microfiche, video disc—would last "forever" or need yet another updating. Local libraries cannot be expected to sort out these pressures on the grand scale; guidelines on weighing the positives or negatives would come most fruitfully from the professional bodies. But the local libraries, too, need to acknowledge that the danger exists. No library is on the cutting edge if a kid can't stop by to get a book.

—THE WASHINGTON POST.

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The Hostage Deal Carries a Deadly Price

By David H. Halevy

WASHINGTON — What price did America really pay for the release of its hostages from Beirut? Administration officials deny, understandably, that they made a deal, but they seem to be oblivious to the deal cut behind their backs.

That deal was struck at a secret meeting in Lebanon in the latter half of September, not long after Javier Pérez de Cuéllar, secretary-general of the United Nations, had tea in Tehran with President Hashemi Rafsanjani.

Mr. Rafsanjani and his intelligence minister, Ali Fallahian, sent two high-ranking officials to the Bekaa in Lebanon to confer with the operational and spiritual leaders of Hezbollah, which is the cover arm of Iran's intelligence service, Sawana. I know directly from one of the meeting's participants—who, for obvious reasons, cannot be

for the hijacking of a TWA airliner in 1985. According to participants at the meeting, there was a second major item on the agenda: a renewed terror campaign.

Hezbollah wanted to consolidate its organization, fragmented after the Gulf war, and reinforce its role as the dominant player in Lebanon's Shiite community. And neither Iran nor Hezbollah had given up the dream of turning Lebanon into an Islamic republic.

So it was agreed that Hezbollah would hit Israeli and American targets throughout the Middle East, beginning as soon as possible and with the most serious attacks to start early in 1992. Iranian embassies and personnel stationed in Turkey, Greece, Jordan and Cyprus were designated to assist the operations with intelligence, logistics and escape routes.

Why would Iran, which reportedly hopes to normalize relations with the West, authorize and fund a terror campaign? While its motives for wanting to unload the hostages were simple—the settlement of outstanding cash claims with Washington and the hope of economic and technical assistance from Europe—its objectives in securing the Bekaa agreement were complex.

One objective, a member of the Iranian National Security Council told me, was to ensure that Iran would not be sidelined in the Middle East peace process; it did not want any new postwar Gulf security agreements orchestrated by Washington alone. Iran also wanted to cement its relationship with militant fundamentalists in the Arab world by maintaining its role as Hezbollah's chief sponsor and protector.

Iran's National Security Council had long been divided over how to bring about the release of the Western hostages held in Lebanon.

Extremist mullahs led by Ayatollah Ali Khamenei, the successor of Ayatollah Ruhollah Khomeini, were wedded to the conviction that dialogue with the United States would undermine and ultimately cause a complete reversal of Iran's Islamic revolution.

Opposition to the extremists was led by Ali Fallahian, who sponsored the Bekaa agreement and who thought a dialogue with the United States could serve Iran's purposes. The internal power struggle left Iran at an impasse, with

Mr. Rafsanjani pretending to remain aloof. But on Oct. 4, according to a source on the Iranian National Security Council, Mr. Rafsanjani personally approved a harsh anti-American sermon by Ayatollah Musavi Arbabali, who said, "It is incumbent on all regional Muslims to attack American interests and take away their peace."

Ayatollah Arbabali called upon Iranian youths to form cells for the purpose of attacking U.S. interests and properties in the region. He denounced George Bush's "American peace conference," saying it was another secret plot to keep the region and its wealth under U.S. control.

Ten days later, at a stormy Iranian National Security Council meeting, the extremists consolidated their advantage. A tough stand on Middle East issues was adopted, spelling out Iran's intentions to play an active role in spreading "Islamic resistance"—terrorism—throughout the region.

The council decided to speed up Iran's trade negotiations with the European countries, which they felt posed no threat to the Iranian revolution, and to reject a dialogue with the United States. Only then did it resolve to free all the remaining Western hostages at an accelerated pace.

Of course, Tehran also recognized Washington's readiness to compromise on three major issues. These compromises, which the Bush administration dismisses as coincidental, were negotiated with the aid of the British foreign secretary and Mr. Pérez de Cuéllar, according to Iranian government officials.

By mid-November it was clear the Israelis had been cut out of the deal. The sole possible survivor, Captain Ron Arad of the Israeli Air Force, remains in captivity.

The Bush administration agreed to compensate Iran \$278 million for the military equipment the United States impounded following the takeover of the U.S. Embassy in Tehran in 1979.

Washington also is expected to lift its restrictions on the release of Iran's frozen assets—at least \$7 billion held by U.S. banks since 1979. Furthermore, the U.S. Navy is now prepared to admit, reluctantly, that the Vincennes, a missile cruiser, was operating in Iranian waters when it shot down Iran Air Flight 655 in 1988. In the works is a multimillion-dollar settlement of claims resulting from the death of the 290 passengers.

The British government signed trade and arms agreements with Tehran to the tune of \$4.2 billion following the release of its three hostages, Terry Waite, John McCarthy and Jack Mann.

In short, the hostage-takers made out like the bandits they are. By mid-October, Iran had transmitted \$86 million to Hezbollah's empty coffers.

In the last week in October, Hezbollah launched its terror campaign in southern Lebanon, resulting in the deaths of six Israeli soldiers.

Over the past eight weeks car-bomb and hand-grenade attacks have occurred in Ankara, killing an American serviceman and an Egyptian diplomat. Hezbollah operatives have been apprehended (and one Iranian was killed) while entering Israeli-occupied territory from Jordan and Egypt.

If the Bush administration believes that the release of the hostages came out of the climate of a "new world order," it is sadly mistaken. Instead, once again the United States has been taken on an Iranian carpet ride, in a world more dangerous than ever.

David Halevy is co-author of "Inside the P.L.O." He contributed this to The New York Times.

The hostage-takers made out like the bandits they are. By mid-October, Iran sent \$86 million to Hezbollah's empty coffers.

identified—that the full, six-member command of Hezbollah attended this meeting called by Iran. Among them were some of the most feared names in the terrorist underworld—Imad Mugniyeh, Hezbollah's chief of security and mastermind of the 1983 bombings of the U.S. Embassy and Marine barracks in Beirut, and Sheikh Mohammad Hussein Fadlallah, Hezbollah's spiritual leader and commander in chief.

Much earlier, the leaders of Hezbollah had concluded that all the Western hostages had become expensive and dangerous cargo. Throughout the Middle East it was well known that these arguments raged in the terrorist organization over how and when the captives would be set free and what would be given in exchange. There was no argument about the six Israeli prisoners of war held in Lebanon: They, or their bodies, simply would not be released.

Of immediate concern to Hezbollah at the meeting was protection for those engaged in hostage-taking and terror operations.

Syria, which tightly controls the Bekaa, was not the problem: As a result of the collapse of the Soviet Union, Syria's longtime ally, it was in no position to take on Iran. But neither Hezbollah nor Iran had much faith in quiet assurances offered by the British government (or public hints from Washington and Jerusalem) that Hezbollah operators would not be gunned down after the Western hostages were freed.

Thus, Imad Mugniyeh and others demanded new identities and clean passports, even going so far as to ask for plastic surgery. I was told that he said, "Our faces are too well known by Western intelligence services and their bounty hunters, the Israelis. We need new faces."

No surgery was scheduled, but Iran agreed to hide the Hezbollah operators from possible pursuit in other Iranian terrorist training camps near the holy city of Qum, south of Tehran.

According to the secret agreement, the last Hezbollah kidnapping unit in Lebanon would join comrades near Qum once two German hostages are freed, perhaps in January. They were kidnapped in May 1989 in reprisal for the arrest of two Hezbollah terrorists in Frankfurt.



By BERENSON to De Telegraf (Amsterdam) CAN. Pressphoto

Picking Apart '91: Two Right Guesses, Lots of Goofs

By David S. Broder

WASHINGTON — I am thinking seriously of suspending this column until 2002. Not that I have anything against the coming decade, but a year that reads the same backward or forward obviously provides the proper environment for a journalist who can't figure out which end is up. During 1991, I was actually right about two things—an unprecedented occurrence in my three decades on this political beat.

In rereading the year's output for the annual exercise in self-burial called the "goofs" column, I really was startled to discover that I had foretold that John Sununu was going and Mario Cuomo was not. Given that I climbed this soapbox about 100 times during 1991, two right guesses may not sound like much to brag about. But it is two more than most years produce.

Notwithstanding the prescience I displayed in the columns on "the Cuomo muddle" and "the Sununu split," alert readers had no difficulty finding occasions to instruct me on the errors of my ways. Let us begin with abuses—real and imagined—of the mother tongue.

The year had barely begun when an envelope arrived bearing the Paris imprint of John Vinocur, executive editor of the International Herald Tribune. Mr. Vinocur was forwarding an equally impressive missive from Russell E. Haddleton of Hyannis, Massachusetts, an attorney and counselor at law, accusing me of having "disembembered" Secretary of Defense Dick Cheney.

With heavy sarcasm, Mr. Haddleton quoted this sentence from a column he'd read while in Amsterdam. In it, I described the White House briefing room scene during the Gulf war: "Standing unobserved to the side, Secretary of Defense Dick Cheney's head slumped toward his chest...."

"If Mr. Cheney's head was standing unobserved to the side," asked this perspicacious and peripatetic pundit-basher, "how did Mr. Broder know that Mr. Cheney's head slumped, and where?"

Standing abashed in the corner after that international reprimand for a dangling modifier, my eye next fell upon a note from Mr. Haddleton, who drop me a note if you happen to see this in Kuala Lumpur on this nice note from Mrs. Mason Trowbridge Jr., of Brewer, Maine, accompanying

a column with the underlined sentence: "The Bush administration seemingly could care less."

"Not so," I can clearly believe David Broder," this charming lady wrote. "When our role models fall into practices so slipshod, retired English teachers despair. FYI, the Bush administration could NOT care less."

Dear Mrs. Trowbridge, how I long to confess error and throw myself on your tender mercies! But a phone call to William Safire, Mr. Usage himself, produced this reply: "It's an idiom, and idioms are always right." Still, when the Maine caucuses come along in February, I'm hoping to get to Brewer and have a nice cup of tea with Mrs. Trowbridge and discuss this matter further.

I have apologized already to Senator Daniel Patrick Moynihan for referring to the Intermodal Surface Transportation Efficiency Act of 1991 as a mere "highway bill," when, as he informed me at some length and with a certain pride of authorship, it was much, much more. I want to keep on the New York Democrat's good side to make sure my tax cut will be

found somewhere in what he will undoubtedly label the Economic Investigation and Middle-Class Resuscitation Act of 1992.

Ah, but what substantive follies were committed here these past 12 months? In the very first column of the year, decrying professionalism in college sports, I asked rhetorically, "Can any college find a group of scholars capable of competing with the Running Rebels of the University of Nevada-Las Vegas?" The answer was Duke, where they take real courses, graduate—and still win.

Can you believe that in that same month of January I wrote a column properly headlined "Bravo, Congress"? Or that I suggested that George Bush's State of the Union address had been a "triumph" and "an important political breakthrough"? The only thing in that Bush column that is not hilarious now is the comparison to Jeff Hostetler's passing for the New York Giants in their Super Bowl victory.

Mr. Bush and Mr. Hostetler both went onto injured reserve this fall, their teams in trouble. But after the fiasco with basketball and football analogies, I ought to stay away from sports metaphors. So if you see another one coming, I want you to pin my shoulders to the mat and take away my glove and bat.

In February, I was so deluded that I took seriously administration proposals to turn back some \$40 billion in federal programs to the states and to limit government subsidies of the wealthiest farmers and Medicare recipients. The "Bravo, Congress" blunder buried both ideas so deep there's no record they ever appeared in legislation, let alone law.

Well, bless me, I'm out of space already and only six weeks into the year's catalog of errors. But did I mention the Cuomo and Sununu columns? Happy New Year. See you in 2002.

The Washington Post.

A Unified East Asia Would Be Heard

By Gerald Segal

TOKYO — When President George Bush arrives in Asia from Australia on Friday, there will be no pronouncements about a new Pacific charter for the post-Cold War world. Many in the region will be concerned at the message implicit in the delayed trip: East Asia has been a somewhat less important place in current U.S. strategy.

It is increasingly clear that the United States finds it easier to deal with Europe than with Asia. European issues are also assuming more prominence on the U.S. foreign policy agenda. Washington can develop a more coherent and comprehensive strategy toward Europe because European countries have developed multilateral structures for organizing their affairs. Mr. Bush can bring no grand vision for Asia since there is insufficient coherence in the region. The result for Asia is likely to be a United States that is less engaged in, and more disenchanted with, the region than it should be.

The United States has large trade deficits with East Asia, while it has a substantial trade surplus with the European Community. Japanese investment in the United States has been so rapid that it has provoked far greater suspicion than the much larger European investment. When the United States tackles trade disputes with East Asian nations, it often uses pressure and coercion. Trade disputes with Europe have sometimes been no less important, but they are better handled because the United States can deal with a single and more influential Community. Cultural and ethnic compatibility between the United States and Europe also makes dialogue easier.

As the European Community and the North American Free Trade Area develop, pressure will grow on Japan to turn Asia into a third trade bloc. But most Asians do not want

Japanese leadership and Japan has tried to avoid being seen as an Asian power. If Japan seeks to work with the Group of Seven industrial nations to sort out economic disputes, other East Asian countries will resist being excluded from the process. The resulting frustration and fragmentation in East Asia will make it even more difficult for the United States to settle trade disputes with the region.

The absence of a multilateral security structure for East Asia comparable to NATO or the Conference on Security and Cooperation in Europe makes it necessary for the United States to confront each issue on its own. This encourages American unilateralism. For example, lack of a multilateral security mechanism in East Asia has made more difficult to formulate a coherent policy to prevent North Korea from developing nuclear weapons.

The visit by Mr. Bush shows that the United States is not about to give up on East Asia. The region is too important economically to America for that to happen.

But East Asia must try to develop less contentious, more constructive ties with the United States. It can start laying the basis for better relations by developing regional structures to promote dialogue, not just with North America but with Europe as well.

The writer is a senior fellow at the International Institute for Strategic Studies in London and is editor of The Pacific Review. He contributed this to the International Herald Tribune.

Bush's Pacific Foray: Risky at Best

PRESIDENT Bush will venture across the Pacific in a bold but risky bid to use diplomacy to bolster the U.S. economy. It's a tough proposition at best. Worse yet, Mr. Bush is advertising the trip as a potential savior for U.S. exports and the economy. But the sizzle in that sell invites trouble in Washington and Tokyo. Some Democrats in Congress have moved to raise the ugly specter of protectionism if the president fails to secure Japanese commitments to buy more U.S. products. And Tokyo is wary: It is sheer demagoguery to blame other nations for U.S. economic woes when the problem is largely home-grown. Still, the president is right to resurrect his visit to Australia, Singapore, South Korea and Japan. He wants to emphasize that the United States considers itself a Pacific nation—one that's not totally preoccupied with Europe and the Middle East.

—The Los Angeles Times.

Give Russia The Tool of Expert Help

By A. M. Rosenthal

NEW YORK — Don't send aid. Russians in Moscow kept saying—bring it. Bring it. Manage it, guard it. That message was repeated to me over and over as the days of the Soviet Union came to an end. It was the plainest testimony to the destruction by Communism not just of the economy but of trust in almost everything connected with government and bureaucracy.

The suspicion blankets most of those now supposed to introduce and run this thing they tell the people will make life better—business, free market, capitalism, whatever—without ever explaining how it works. It covers most of the presidents of the republics, understandable enough since they were among the high priests of the god that failed.

The Communists who ruled for 74 years left behind a society where work just stops much of the day as citizens hunt to find sausage in the stores. Then they stand in the streets to barter a hunk of the sausage for stockings for their children.

Russians are not fool enough suddenly to trust bureaucratic survivors of that system when they announce they have a better one in mind and intend to run it.

The politicians of the republics will have to earn trust and it will take time. As for business, it seems to Russians that many of the people making money are former government and party hacks using their old contacts still in office and splitting the take. They are right.

But the republics are the hope of the future. With the death of the Soviet Union there is no political or ethical reason to withhold as much as the West can afford without stripping other poor nations of help.

Experienced Russian journalists told me they thought that the food threat had been deliberately exaggerated by the Gorbachev government. On foreign food credits, Vitali Kovtchuk, former editor of the magazine Ogoniok, said that since 1964 the United States supplied \$74 billion of food credit and that the result had been to cover up the failure of the "planners" to get food to the table.

True, but my own eyes told me that as a result Moscowites and other urban victims of Communism live on the brink. The decision by the Bush administration to move quickly with food and particularly medicine was wise and decent—as long as it is kept out of the hands of the Red Army and the bureaucrats.

But it's worth remembering that in the past year or so alone the United States has sent aside more than \$3.5 billion for food aid and credits that will probably turn out to be grants. Kremlin officials acknowledge that scores of billions of dollars have been misappropriated or "disappeared." Other billions were hidden in foreign banks by the Soviet government and Communist Party, including espionage funds. Accountability is necessary, for credibility's sake.

With all Western good will, foreign help will not do a great deal of good until the republics eliminate the planning ministries, the heart of Communist corruption and mismanagement. They still make it economic serfdom for farmers to send food to the cities. They keep factories busy producing parts for tanks that have no mission.

And as long as foreign business has to deal with ministries deciding every time what licenses will be given and how much profit can be sent home and the amount of bribes to be paid, the Commonwealth of Independent States will get only a small amount of the foreign investment it needs.

So the real decisions on how much foreign assistance the Commonwealth will get depends on the Commonwealth. But in addition to eliminating planning ministries, the heart of Communist corruption and mismanagement, the West can provide something as important as people the republics need to learn how to live in the real world.

Auditors, bankers, business computer specialists, private farmers' money managers, business teachers are rare and exotic in the Commonwealth. Setting up a "Business Peace Corps" would be useful aid from the United States, as long as it is directly related to Commonwealth private enterprise, not channeled through official bureaucracies.

Russians I met also argued for continuing American hands-on management, supervision and accountability. That's not servility to the United States or simply a compliment to it. It is a growing clarity of vision about the past, perhaps the greatest asset for any new nation, or a whole Commonwealth of them.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Chill to Press Case

NEW YORK — Washington dispatches and editorial comments on the Chilean difficulty are exceedingly warlike, though all the people you meet on the street pool-pool the very idea of war as ridiculous. The Herald's Washington correspondent telegraphs:—"Chili intends to refuse an apology or reparation and will ask for an arbitration, which will place the Washington Cabinet in a ridiculous light after all its war preparations. As an arbitration cannot be refused by the United States without violating the international arrangement on the subject."

1916: Wilson Rebuffed

PARIS — The German and Austro-Hungarian Governments have replied to President Wilson's Note to the belligerents. The two communications are almost identical in text and are as unsatisfactory as other Notes which have preceded them from Ber-

lin and Vienna. The Presidential request for a declaration of the objects of the war is ignored, as are the other direct issues of the situation. Both replies repeat the desire for a peace conference, but there is no mention of the terms of peace, and the question of neutral interference is shelved.

1941: Sumatra Attacked

BATAVIA — [From our New York edition:] The Japanese began today [Dec. 28] what appeared to be their first attempt to invade the Netherlands East Indies, bombing heavily the big airport at Medan, Sumatra, across the Strait of Malacca from the fallen British island base of Penang, and simultaneously landing parachute troops. Seventeen Japanese planes bombed the Medan airport, damaging the offices there of the Royal Netherlands East Indies Airlines. At the same time enemy air transports dropped parachute troops at a number of points around the airport. A communique said fighting continues.

MARKET DIARY

Yen Draws Speculators, Dollar Gains on Mark

Reuters

NEW YORK — The dollar closed higher Friday against European currencies in very quiet U.S. trading, but dealers reported strong buying of yen in anticipation of an upward move in the new year.

The dollar rose against Europe's currencies as market participants

Foreign Exchange

there closed out short positions before the weekend, said Betsy Reetz, assistant vice president at Union Bank of Switzerland in New York.

The U.S. currency rose to close at 1.5188 Deutsche marks in New York, after Thursday's finish of 1.5080 DM. The dollar ended at 1.5188 Swiss francs, up from 1.5180. The pound closed at \$1.8742, down from \$1.8835.

Against the yen, the dollar fell to 125.90 yen from Thursday's finish of 126.45 yen. The yen benefited from speculation that with President George Bush visiting Japan early next month and Japan's trade surplus widening, Washington and Tokyo would seek a higher yen, said Earl Johnson, vice president at Harris Trust & Savings Bank.

Japanese officials already have called for a higher yen. And a senior Bank of Japan official said Friday that the Bush administration seemed to view the dollar's recent fall as "a necessary evil."

"A lot of people have been waiting for the yen to explode higher against the dollar. Maybe this is one final attempt for the year," Ms. Reetz said.

She said dollar-buying by a couple of large players pushed the U.S. unit above 1.52 DM, "but when that died off, the dollar fell back down."

Ms. Reetz and others emphasized that market sentiment remained bearish toward the dollar. Steve Flynn, a corporate dealer for First National Bank of Boston, said technical traders were looking for the dollar to subside to 1.5050 DM and then 1.4950 DM. "And there's nothing to say we can't test the dollar's low of early this year," he said. That was 1.4430 DM.

Mr. Johnson of Harris noted that there was talk that the Federal Reserve might have to reduce interest rates further. "No one can find a good reason to buy dollars," he said, predicting the currency will fall below 1.50 DM next week.

DOW: Money Rushes Into Stocks

(Continued from first finance page)

its stock funds since the Fed cut rates had been "very, very strong."

Fidelity's money market funds now yield only between 4.5 percent

N.Y. Stocks

and 5 percent, and on Monday movement out of those funds and into its array of stock funds was 50 percent higher than normal. Stock market trading by Fidelity's individual clients this week was 30 percent higher than in recent weeks.

Now that the source of the stock market boom has been well fixed, debate rages over whether the rally will last if the economy fails to respond to the Fed's stimulus.

Laszlo Birinyi, president of a Wall Street firm that tracks program trades, said his research showed that bull markets had very little relationship to the economy and a great deal to do with what investors can earn elsewhere.

"My screen shows me that all I can get for short-term Treasuries is 3.83 (percent), and I can get 7.5 for Texas Utilities," he said. "That looks pretty good to me. It's not an illiquid vehicle, and it can be dumped again if the market turns."

Michael Metz of Oppenheimer & Co. said the rally had been compressed into one shot: "We have a whole season's move in a week or two. If we don't get support from increases in earnings in the first quarter, we'll be in deep trouble."

This line of argument was elaborated by Robert Walberg of MMS International, who expected the market to remain buoyant for an-

other two or three weeks and then be undercut by bad earnings reports from the fourth quarter.

"But that won't be all," Mr. Walberg said. "Right now investors are betting on a positive push for the economy from Congress. They are likely to be disappointed when they see the combination of tax cuts that emerges; they will be mostly inflationary and won't do much."

Finally, Mr. Walberg said he also suspected that the Fed's interest rate cuts would not stimulate the economy. "They have been unable to jolt the economy so far and it is unrealistic to expect Fed action alone to be successful now."

He foresaw the Dow climbing to 3,150, then diving back to 2,900. After that, who knows? Japan could pull down Wall Street if the Tokyo stock market melts down to below 20,000 on the Nikkei, he said, and European markets also should be a mixed bag until mid-year.

INSURE: Can Little MAAF Digest Big Executive Life?

(Continued from first finance page)

was launched in 1987 and it accounts for less than 10 percent of Groupe MAAF's total insurance business, with premium income last year of \$147 million.

MAAF Vie is the legal entity that would take control of Executive Life under the Altus/MAAF proposal. "I couldn't call this a wealthy company," said a Paris insurance industry analyst who asked not to be named. "In fact, this company is

Via Associated Press Dec. 27

The Dow

Daily closings of the Dow Jones industrial average

300

3150

3100

3050

2950

2850

2800

2750

2700

2650

2600

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2300

2250

2200

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Dow Jones Averages

Open High Low Last Chg

Indus 3000.25 3114.50 3064.75 3110.25 +16.75

Trans 1114.25 1202.50 1152.50 1192.50 +78.25

Unl 1202.25 1214.50 1192.50 1202.25 +10.25

SP 100 1125.14 1162.50 1112.50 1152.50 +27.36

Standard & Poor's indexes

High Low Close Chg

Industrials 3000.25 3114.50 3064.75 3110.25 +16.75

Trans 1114.25 1202.50 1152.50 1192.50 +78.25

Unl 1202.25 1214.50 1192.50 1202.25 +10.25

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NYSE Indexes

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Industrials 1114.25 1202.50 1152.50 1192.50 +78.25

Unl 1202.25 1214.50 1192.50 1202.25 +10.25

SP 100 1125.14 1162.50 1112.50 1152.50 +27.36

NASDAQ Indexes

High Low Close Chg

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Industrials 1114.25 1202.50 1152.50 1192.50 +78.25

Unl 1202.25 1214.50 1192.50 1202.25 +10.25

SP 100 1125.14 1162.50 1112.50 1152.50 +27.36

AMEX Stock Index

High Low Close Chg

Composite 3000.25 3114.50 3064.75 3110.25 +16.75

Industrials 1114.25 1202.50 1152.50 1192.50 +78.25

Unl 1202.25 1214.50 1192.50 1202.25 +10.25

SP 100 1125.14 1162.50 1112.50 1152.50 +27.36

Dow Jones Bond Averages

High Low Close Chg

10 Bonds 1125.14 1162.50 1112.50 1152.50 +27.36

10 Industrials 1114.25 1202.50 1152.50 1192.50 +78.25

10 Unl 1202.25 1214.50 1192.50 1202.25 +10.25

10 SP 100 1125.14 1162.50 1112.50 1152.50 +27.36

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EUROPEAN FUTURES

Close High Low Prev. Close

SUGAR (ICE)

U.S. Dollars per metric ton - lots of 10 tons

Mar 1992 17.50 17.50 17.50 17.50

Apr 1992 17.50 17.50 17.50 17.50

May 1992 17.50 17.50 17.50 17.50

Jun 1992 17.50 17.50 17.50 17.50

Jul 1992 17.50

East Europe Seeks Trade With Republics

By Blaine Harden

Washington Post Service

WARSAW — Cashing in on the death of a superpower that dominated them for four decades, Poland and other former East bloc countries are racing to sign trade agreements and cut barter deals with former Soviet republics.

The largest deal so far, announced here Friday, was completed before the resignation Wednesday of Mikhail S. Gorbachev. It is a \$2.8 billion barter between Poland and Russia.

Russia has committed itself to supplying half of Poland's oil needs and all of its natural-gas requirements in the coming year. Poland has promised to supply Russia with pharmaceuticals, coal-related products and \$500 million of food. Poland traditionally has relied on the Soviet Union for 90 percent of its oil and for all its imports of natural gas.

Hungary, too, which relied on the Soviet Union for 93 percent of its fuel and electricity, has been fast off the mark in shoring up trade ties with the former Soviet republics, signing trade pacts this month with Russia, Belarus and Lithuania.

The 1930s-style depression this year in Eastern Europe and the Soviet Union was caused, in substantial measure, by the collapse of trade within the former Comecon trading bloc.

Soviet exports of raw materials to its former satellites fell by about 60 percent in 1991, according to authoritative Western estimates. Over the same period, Soviet imports from Eastern Europe declined by about half.

In Poland, Czechoslovakia and Hungary, the sharp decline in Soviet trade all but wiped out export markets for many state-owned heavy industries, pushing up unemployment, idling factories and exacerbating social discontent.

The infrastructure of Eastern Europe makes it difficult for countries to find alternatives to old Soviet supply lines.

As of Jan. 1, 1991, the Soviet government ordered an end to all barter trade with the old East bloc. All trade was to be conducted in hard currency. But Moscow failed miserably in supplying the republics and individual state companies with the cash they needed to do business. The effect, for state industries in Poland, Hungary, Czechoslovakia and Bulgaria, was a sudden and disastrous decline in production.

Poland found that although there were customers eager for Polish goods across the Soviet Union, they had no dollars. This was the single most important reason for Poland's 8.5 percent fall in exports this year.

Hungary and Czechoslovakia were more successful than Poland in skirting the ban on barter arrangements.

Generali to Buy 5% Of New Spanish Bank

Compiled by Our Staff From Dispatches

MADRID — The Italian insurer Assicurazioni Generali will acquire up to 5 percent of the newly formed Banco Central Hispano Americano SA, Spain's biggest private-sector bank, BCH said Friday. The deal would be worth an indicated \$360 million at current market prices.

As part of the agreement, which BCH said had been negotiated in the past few days, the Spanish bank and Generali will set up a jointly owned holding company to operate their respective insurance holdings.

BCH said that total business of the new insurance group, including sales revenue, insurance premiums and pension funds, would come to about 200 billion pesetas (\$2.1 billion) in 1992.

Generali is the world's second-largest insurer in terms of market capitalization at 15.8 trillion lire. It received final regulatory approval just before Christmas for a 1.7 trillion lire (\$1.4 billion) capital increase that analysts said appeared to be aimed at preparing for acquisitions outside Italy.

BCH came into existence Friday after Banco Central SA and Banco Hispano Americano SA signed the agreement for a merger that had

been announced last May. The two banks' combined stock-market capitalization is around 693 billion pesetas, and 5 percent of that would be worth \$358 million.

BCH's board held its first meeting Friday, and said the chairman of Generali, Eugenio Coppola di Camano, would join the board.

The insurance holding company will be set up before Feb. 15 and will acquire the 94.3 percent stake in Banco Vitalicio de España held by BCH and Generali. The holding company will also acquire the 99.2 percent that BCH holds in the insurance company La Estrella SA and the 59.2 percent in La Vasco Navarra, also an insurance company. Finally, it will acquire the Spanish insurance firm Caja de Previsión SA.

Banco Vitalicio, a Barcelona-based insurance company, had assets of 95.48 billion pesetas at the end of 1990 and an after-tax profit of 1.95 billion. Mr. Coppola is already a member of its board.

La Vasco Navarra had assets of 6.85 billion pesetas and a 128 million peseta profit. La Estrella had end-1990 assets of 124.1 billion pesetas and an after-tax profit of 50 million. (Reuters, Bloomberg)

Investor's Europe				
Frankfurt DAX		London FTSE 100 Index		Paris CAC 40
J A S O N D 1991		J A S O N D 1991		J A S O N D 1991
Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	CBS Trend	88.40	87.40	+1.14
Brussels	Stock Index	5,456.74	N.O.	-
Frankfurt	DAX	1,563.59	1,539.62	+1.56
Frankfurt	FAZ	636.91	626.75	+1.62
Helsinki	HEX	765.30	765.50	-
London	Financial Times 30	1,841.80	1,813.10	+1.58
London	FTSE 100	2,418.70	2,384.00	+1.46
Madrid	General Index	236.47	235.51	+0.41
Milan	MBI	961.00	946.00	+1.59
Paris	CAC 40	1,720.85	1,722.48	-0.11
Stockholm	Affarsvarlden	855.35	820.73	+4.22
Vienna	Stock Index	619.35	617.86	+0.40
Zurich	SBS	590.10	N.A.	-

Sources: Reuters, AFP

International Herald Tribune

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

- Deutsche Bank AG said it had agreed to buy 70 buildings it was already renting in Eastern Germany, for a price to be worked out by independent auditors, and planned to spend 500 million Deutsche marks (\$330 million) to modernize them.
- Banque Bruxelles Lambert, Générale de Banque and Kredietbank of Belgium increased their cash credit base rates to 13.25 percent from 12.75 percent, in the wake of last week's Belgian discount-rate increase.
- The EC Commission said it had cleared the planned takeover by VIAG AG of the engine-block maker EB-Brital Aluminiumtechnik GmbH.
- Mirror Group Newspapers PLC's lawyers told journalists at the defunct weekly The European who had signed contracts with MGN that MGN had no obligation toward them, a journalists' union spokesman said.
- Spain's lower house approved the government's 1992 budget, which includes a 1.44 percent increase in total spending to 23,597 trillion pesetas (\$244 billion) and a 10.8 percent rise in revenue to 20,881 trillion pesetas; the government forecasts GDP growth in 1992 at 3.3 percent.
- France's cargo ports were paralyzed for the 10th time since Oct. 6 as dockers went on strike over government plans to revamp labor laws and slash dockers' jobs.

Reuters, AFP, UPI, APX

No Injection for La Cinq

Reuters

PARIS — Controlling shareholders in La Cinq have refused to inject fresh funds into the unprofitable French television station, the broadcasting authority CSA said Friday.

The media group Hachette SA, which operates La Cinq and owns 25 percent, sought a capital increase after the channel said losses would force it to sack almost two-thirds of its staff early next year.

But after a meeting on Friday, the CSA said that "the shareholders present indicated they did not intend to participate in a recapitalization." Hachette has refused to take sole financial responsibility for the station, which expects a loss of 1.12 billion francs (\$217 million) this year. The future of the television station now rests with the CSA, which is expected to make a decision in early January.

FRONTIER: Westerners See Chance to Strike It Rich in Soviet Republics

(Continued from page 1)

investments of under \$10 million, and total under \$300 million.

So far, only about 50 of these deals are actually functioning, according to the World Deal Review, which gathers such data. McDonald's Corp. claims the largest active project: nearly \$65 million paid out so far to open its Moscow restaurant and a food processing center, and also to construct a 10-story office building.

However, small Western presence so far, American executives argue that to survive, enterprises in the former Soviet Union must acquire not only Western technology but Western know-how in management, marketing and distribution. Still, investing Western expertise is risky, and that requires the lure of a jackpot return.

"In a situation that is perilously close to anarchy, these guys are taking wild risks," said Robert Heilbrunn, an economics historian. "They are saying to themselves, 'In the worst of cases, we lose \$50 million, but there is a chance to grab the whole marketplace.'"

The Western companies are forming joint ventures by acquiring a stake in enterprises still officially government-owned. With the Soviet government dying for months and now gone, some of the negotiating has taken place with officials of the various republics. Most often, however, U.S. executives are dealing with the managers of state-owned companies that have, in effect, been abandoned by the state.

Gillette Co. recently engaged in such a deal, signing a contract with the managers of a manufacturing complex in St. Petersburg to invest \$50 million and make razor blades.

Gillette was permitted to send home about \$33 million a year, converted from ruble revenue. The money is to go toward the cost of importing special steels and also what Milton L. Glass, Gillette's vice president for finance, calls "a reasonable return on our investment."

But will the contract hold up? So far only the Leningrad managers have signed it. Russian government ministers will also have to sign on.

But should they? Jeffrey Sachs, a Harvard economist and adviser to East European governments, doubts whether any joint venture gives full value to the sellers when control of a company is sold without competitive bidding. "Without an auction process established in law,

the decision is left to managers, which lends itself to corruption," he said.

So far, corruption involving foreign investment has not become a public issue. But corporate America's obsession with collecting its return in hard currency or in valuable products like oil or cotton is causing some problems.

Tambrands Inc., the American manufacturer of Tampax, is a pioneer. Since 1988 the company has invested \$10 million to operate a new Tampax factory near Kiev. Tambrands' partner, the Ukrainian Health Ministry, provided the building and land.

"Women traditionally bought bricks of bleached cotton, using four times as much cot-

ton as an equivalent supply of tampons," said Paul Komey, a senior vice president at Tambrands. "We said, 'You could save the raw material, and out of that savings in cotton, you could pay us our profit in cotton.'"

But since Tambrands ships some of that cotton out of the country, its arrangement has been one to a Soviet concept that says foreign investors should not be allowed to export products they do not produce themselves.

Tambrands has dealt with this objection by noting that it does not export raw cotton; the company processes and bleaches it first, to make 300 million tampons a year in the Kiev factory, and also to sell some cotton abroad.

For McDonald's, the issue is whether, in lands short of meat and dairy products, the company diverts too much to its Moscow restaurant, which says it serves 50,000 people a day. McDonald's responds that it has raised food production, in part by teaching better techniques to farmers it deals with.

In this Yukon-Wild West economy, investors don't know for sure if they have legal title to what they purchase or laws to back them.

RUBLE: The New Math in Moscow

(Continued from first finance page)

capital, 800 kilometers (500 miles) away.

It cost one Westerner more to take a taxi from the Kievsky train station in Moscow to his office—a 10-minute ride, paid in dollars—than it cost him to buy four Kiev-Moscow train tickets.

Lines outside McDonald's on what used to be called Gorky Street have disappeared this month because they raised prices again. A Big Mac now costs 28 rubles, or 28 cents at the 1-per-100 rate. It's a bargain by Western standards, but in Moscow it's more than a day's average pay.

At Yefseyev's, a cavernous shop that despite its dreariness remains the city's classiest ruble food emporium, a kilogram of quality beef now sells for 50 rubles, or less than 25 cents a pound. For most Russians, that price is as staggering as it would have been to Westerners a couple of years back when, by the official exchange rate then in use, it would have equaled \$40 a pound.

Even now, some food prices are staggering to Westerners. A French businessman in town to

sign a major contract admitted that he was floored when the dinner bill came at the elegant new Boyarsky restaurant at the refurbished Metropole Hotel, which takes only hard currency: \$350 for three. In contrast, dinner at the Baku restaurant, which now operates as a Lebanese joint venture, came to \$30 a head. And lunch at a Russian cooperative cafe was a mere 186 rubles for two, or \$1.86.

For Western businesses willing to risk it, such price anarchy provides obvious opportunities. But the shifting sands between rubles and dollars carry dangers as well. Earlier this month the Bank of Foreign Economic Affairs provided a graphic warning of the risks involved by refusing to allow customers to withdraw their hard currency.

This led one Western company in Moscow that needed cash in a hurry to send an employee to London to collect it. Happily, the customer agents who man Moscow's international airport have relaxed their vigilance. The employee returned with \$100,000 in her backpack; no questions asked.

Even now, some food prices are staggering to Westerners. A French businessman in town to

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, contains the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

17 items

High Low Stock Div. Yld PE High Low P/E

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FIRST COLUMN

U.K. Homes And German Unification

WHAT is a credit crunch, anyway? For many consumers the concept of the credit crunch remains just that, a concept. Something to be shelved in the recesses of the mind along with vaguely remembered axioms of Euclidean geometry and the batting average of obscure baseball players. The fact that your bank manager won't lend you any money, and the credit card company's computer has developed a particularly nasty line in digital discourtesy when you want your credit limit extended has nothing to do with it.

Similarly, our experience of price inflation, that strange little percentage figure that keeps being bandied around the financial pages every month, has nothing to do with the cost of living. What happens is this: Nothing. And then the price of gasoline, or vegetable shortening, suddenly has an extra 35 or 10 cents tacked on. That's inflation.

Imagine explaining power-to-weight ratios to a man who has just failed to leap the gap between two tall buildings. The best that you could hope for is that by the time he hits the floor, he might just understand why he is doomed. Such is the function of economic theory in the life of the vast majority of consumers. It is often practically useless, and almost always too late.

The case of the British homeowner is especially instructive in this respect. Persuaded into owner-occupation by a government that actively engineered a credit boom through mid-80s, home-owning Britons now find themselves the victims of a government that virtually doubled interest rates in the succeeding two years.

Given the same government's decision to join the European Exchange Rate Mechanism, there is no likelihood of interest rates easing further in the short term. Why? Because the Germans raised their rates at the end of last week, and with them, the Italians, Spaniards and French.

And economic theory in all this? Try explaining to a dispossessed Briton that he can't pay his mortgage bill because it's costing more than expected to unify the economies of the two Germanies.

M.B.

Facing Up to the Pain Of Monetary Union

By Richard Evans

ARE the twin European objectives of unity, in currency and ultimately economy, founded on anything more than myth? The early stages of economic convergence call for financial discipline, including the stabilizing of currency fluctuations. But despite, or perhaps because of, the grandiloquent terms in which the recent Maastricht meeting trumpeted the move toward monetary union, some commentators are asking if the EC will be able to withstand the pain that financial, and then economic, union would entail.

The ramifications on almost all sectors of all the economies involved in union would be enormous. Financial discipline would tend to create a number of problems, such as unemployment, in the less competitive economies. To judge from the way France, Italy and Spain followed Germany's pre-Christmas interest rate rise, when Germany puts Europe in a monetary squeeze, Europe stays squeezed.

But for stock market investors, specific analysis of the immediate effects of a hypothetical economic and monetary union offers a number of foreseeable consequences.

EMU is supposed to become a reality by the end of the decade. Model conditions for union would see the convergence of national economies, firms' average dividend yields, and the stock price to earnings ratios (a key criterion in pricing a share) of European companies in the same industrial sector. In consequence, the theory runs, the European Community's disparate stock exchanges will become closely integrated and less volatile.

Investors will base their trades more on the health of pan-European industrial sectors, rather than on the well-being of national economies. However, the run up to EMU could cause seismic shifts in some domestic stock markets, giving big profits to investors who correctly judge the trends.

Two theories dominate the debate about the impact of the changes leading to EMU on Europe's stockmarkets. Both suggest that it will be countries with high inflation, and particularly those with smaller or less well developed exchanges, such as Spain, Portugal and Italy, which will benefit most.

The first theory predicts that EMU will force Europe's fund managers to radically overhaul their portfolios. Most money man-

agers have a benchmark for how much cash they want to invest in foreign equities. The benchmark figure is arrived at through a mixture of risk-return analysis, instinct and following the latest fund-management fashion.

After they have decided what percentage of their money they are willing to risk in buying foreign equities, fund managers usually spread the cash between countries in proportion to their stockmarkets' capitalization. This is calculated from a world stock-market index such as the Financial Times Actuaries World Index, devised by the business newspaper and Goldman Sachs, an American investment bank.

London-based investment managers GMO Woolley and like-minded fund managers believe that the road to EMU will make a big difference to these calculations.

For example, look at British pension funds. They have assets of around £250 billion (\$455 billion). They put about 22 percent of their money in foreign shares.

In the FT-A world index, excluding Britain, EC members account for around 22 percent of the total. If British funds want to match the weightings of the index, they need only have 4.8 percent of their stock holdings in foreign shares.

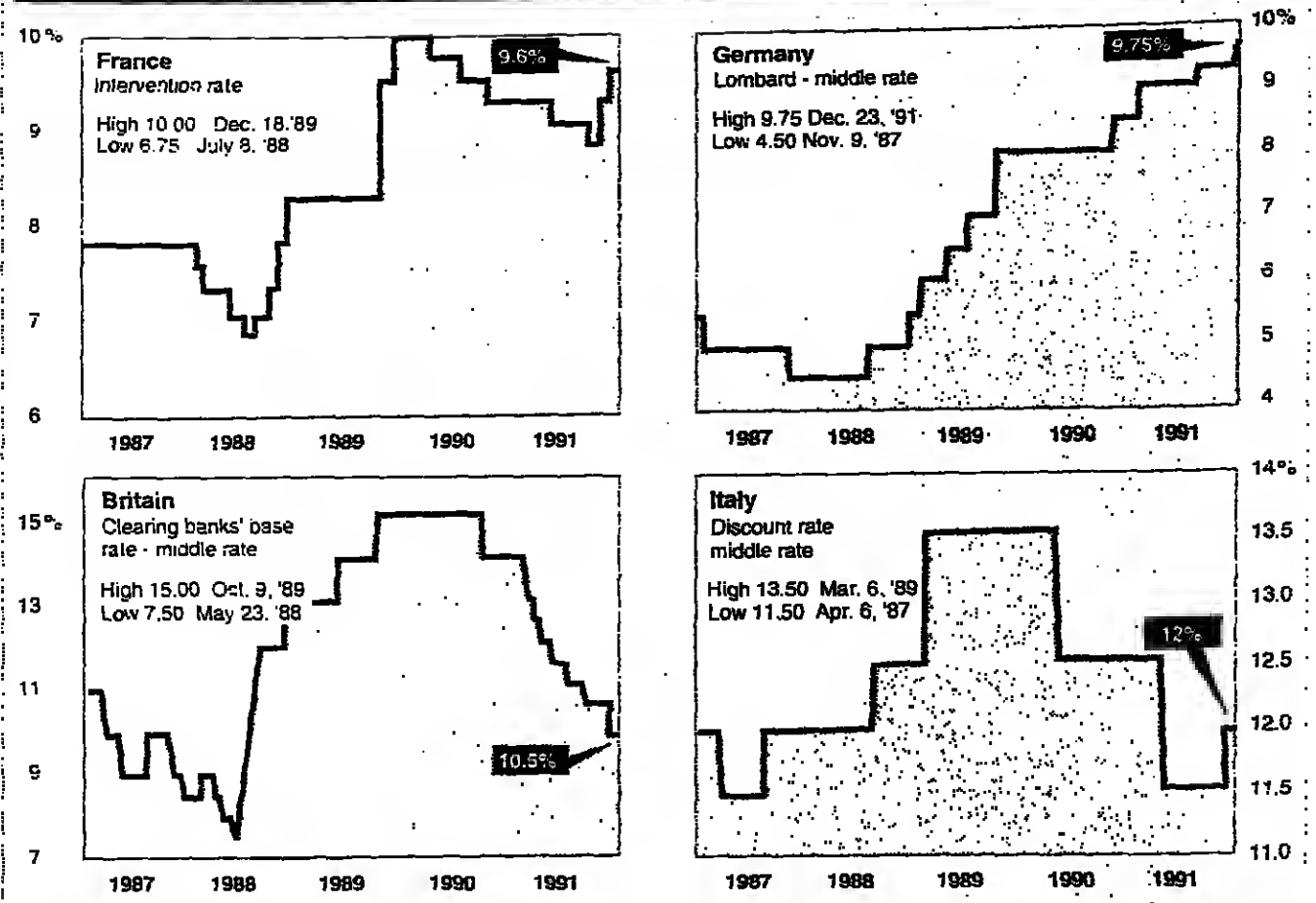
EMU will change all this. Rather than his own domestic stockmarket index being a fund manager's main reference point, national indexes should become merely sectors in a pan-EC index.

So for British institutions the benchmark allocation of a pan-EC equities would be 61.8 percent of their equity portfolios, made up of the around 57 percent currently assigned to domestic equities plus the 4.8 percent for EC shares.

British pension fund's investments in home equities should therefore shrink. Weighted by stockmarket capitalization, Britain accounts for only around 47 percent of the pan-EC index. So for British pension funds, the weight of their market capitalization, EC shares would jump from 4.8 percent to 14.8 percent of their total overseas equity holdings. That's a leap from around \$22 billion to close to \$70 billion.

Similar calculations apply to the rest of Britain's big institutions which invest heavily in equities, and more severely to other European institutions, as many are far behind British funds in the percentage of money they allocate to foreign shares.

Germany Piles on the Interest Rate Pressure



A Cross-Section of Opinions on What Just Might Happen in the Markets of 1992

• **Political Crisis**
Madhav Dhar, Global Strategist, Morgan Stanley & Co., New York.

China could begin to emerge as a market-economy superpower. It's the complete opposite of what the Soviet Union was, where you now have political freedom but no economic freedom. In China, they've got no political freedom but complete economic freedom, and they're quietly moving to a market system. We're talking about a population of over a billion people who, if mobilized economically, will become a colossus. Their GNP is growing at 7 percent per year, and it takes up they'll surpass the U.S. in 30 years. But within even 10 years, China could be a capitalist superpower.

The flip side of Eastern Europe and the former Soviet Union moving toward democracy is "what if the democratic ideals don't really hold?" In the Russian Commonwealth for example, the new political freedom has given rise to great expectations, and if they don't materialize, there could be anarchy and civil war.

As political boundaries collapse all over the world, there's a basic loss of what you'd have to call "nationalism." And with that, there's the fear that parts of the world could realign along religious lines, which could lead to increased fanaticism, violence and bloodshed.

Alan Bell, deputy head of research at Baring Securities (Japan) Ltd.

One unlikely event would be major chaos in the former Soviet Union and China. To the extent that it disrupts European and American markets, it could spill over into Japan, especially if it occurs in China.

Savvas Savvati, UK Economist, Hoare Govett Ltd., London.

There could be real civil war in the former Soviet Union. That could create a situation where millions of refugees would be flowing into Eastern and Western Europe, and that would create havoc in the labor markets and social systems of those Western countries. If Germany, for example, were faced with an influx of refugees, there would be enormous social problems. German finances are already spread too thin, as Western Germany continues to pump huge amounts of money into Eastern Germany to get the economy going. Millions of refugees could break an already fragile economy's back.

Paul Horne, international economist, Smith Barney, Harris, Upham & Co., Paris.

If one of the Asian republics of the former Soviet Union signed an accord with Bag-

dad or Tehran, given that these republics may have nuclear weapons, this certainly would change the perspective on the Soviet situation. It would raise the apprehension level about Muslim radicalism.

This would depress capital spending and raise interest rates in Western Europe. The risk of being proximate to the former U.S.S.R. would then grow, not diminish, over 1992. The obvious victims would include Germany, and since the Bundesbank runs the show, problems in the former Soviet Union could mean that European interest rates won't come down.

Jonathan Story, professor of international business, INSEAD, Fontainebleau, France.

Maastricht spells constitutional reforms for Britain, France and Italy. A constitutional reform in France, especially a shortening of the presidential term and other changes to bring it more in line with the rest of Europe, would undoubtedly shake up French politics, but in the long run it would be positive, affirming France's place in Europe.

Italy is certainly moving toward a political crisis. The whole public sector must be overhauled. The deficit is at 10 percent of GNP and most of this goes to interest payments which makes reducing the deficit extraordinarily difficult. The government is extremely concerned about being left out of the first economic tier.

In the U.K. it is not impossible that Labor could win the 1992 election. Although the Labor Party has not made financial markets happy in the past, this time it will make an effort to please business by accelerating monetary union, and putting off discussion of the social charter until next year.

Laura Grenning, analyst, Smith New Court, Hong Kong.

Dan Quayle will become U.S. president, and the stock market will plummet.

• **Economic and financial phenomena.**
Peter Warburton, Economic Strategist, Robert Fleming Securities Ltd., London.

We could end up in a situation very similar to the 1930s. If there's no level of interest rates that will revive the economy, policy-makers will find themselves having to provide fiscal stimuli like increased government spending to kick-start the economy. But that involves more borrowing and that undermines fiscal confidence. Bad bank debt will accumulate, not abate. You can make a reasonable case that things have already gone too far to stop this from happening.

Michael Hughes, Global Economics Strategist, Barclays de Zoete Wedd Ltd., London.

An unlikely positive scenario would involve a dramatic fall in oil prices — \$4 or \$5

Chaos Theory and Consensus: Pondering the Probabilities

By Martin Baker

THERE is an investment theory, increasingly popular but by no means new, which makes many investment analysts somewhat nervous. It is the chaos theory of investment: The reason it can make analysts nervous is that it can also make it hard for them to justify their salaries.

Chaos is at the other end of the scale of probability from the consensus view, and it is difficult to explain the one without reference to the other.

Both consensus and chaos are attempts to answer the one worthwhile — and therefore unanswerable — question in investment. Namely: What happens next?

The consensus view takes into account all known factors about a company, a market, an industry sector, or an economy. These are then weighed in the analytical balance, and a measured judgement is made. At the end of the deliberation, the consensus analytical view might be that a certain outcome — a change of government, or an economic upturn — is 65 percent likely to happen.

The financial result is that the market prices this likelihood into the value of a security or commodity. This in part explains why news can affect market prices so strongly, and why electronic information media, providing the most up-to-date information, are considered essential aids to an efficient market.

A further ramification is that the consensus view is frequently right. But when it is right, it hardly makes a difference. The outcome has already been factored into the price, or, in market terms, discounted.

Chaos theory, however, postulates a pleasantly random model of what is going to happen next. In a simplified form, the idea is that given a set of factors that affect one another — one such factor may be the price of oil or credit — there will always be an element of randomness. That randomness will then suddenly become the dominant factor in the market, so much so that it may completely dominate the market for a time.

It will often be termed a "fresh" factor, and will only diminish in importance over a period of time. In other words, the randomly acquired importance of the new factor will itself be discounted as the market gradually assimilates it.

A good example of a chaotic fresh factor with a huge, but subsequently discounted, impact was the Soviet coup this August (which the Money Report named a year ago as a possible but unlikely event).

The largely unexpected Soviet coup created fears for world political stability. The news broke during trading in Japan, and Tokyo closed down sharply. As the markets opened up further and further west the markets were assimilating the information and — with the exception of Germany — recording smaller and smaller losses as the factor became discounted. New York lost just two percentage points on the day.

Another example is the invasion of Kuwait in 1990. The oil price shot up, but fears of consistently expensive fuel were slowly rolled back. By November 1990 many share markets were beginning a good bull run.

Why do analysts dislike chaos theory? Because it's a smart way of saying that they don't really know what will happen next.

Accompanying this article is a collection of the best — and worst guesses — for 1992.

Everyone could start moving out of them into other vehicles.

Alan Bell, deputy head of research at Baring Securities (Japan) Ltd.

There is a very, very remote chance that Japan and the rest of the world won't find a solution to sparking growth and we sink into depression.

This scenario could lead to the ouster of Japan's ruling Liberal Democratic Party and subsequent installation of policymakers who overstimulate.

Alternatively, there could be overkill. Rates could be cut too much and another asset boom set off.

Horatio Valeiras, European strategist, Credit Suisse First Boston, London.

If oil should drop to \$10 a barrel... that would be great for the markets, especially Japan and Germany. It would also make lots of people look good in terms of economic growth.

Or if Midland, a leading British bank, were to go under because of a poor debt book... that would have a disastrous effect on the U.K. market, and the Conservative Party would probably lose the election.

Craig Chudler, Tokyo-based strategist at UBS Philips & Drew.

The Japanese government is expected to liberalize the financial system in 1993, allowing banks and insurers to enter the securities business. It's trying to go as slowly as possible on this, as well as other liberalization efforts, such as deregulation of broking commissions. The wild scenario is that the government may move more quickly on liberalization; or alternatively, that the market faces up to the fact that it will do so in the not so distant future.

Under a more deregulated system, shares would be evaluated more by international standards, rather than those unique to Japan. Share price to earnings ratios are extremely high and bond dividends extremely low compared to international standards. If we could begin to see liberalization of the laws, there could be rapid moves to an international standard of rating stocks in Japan. Share prices would plunge by another 50 percent in value.

Marc Faber, managing director, Marc Faber & Co., Hong Kong, affectionately known in the colony to some as Dr. Doom.

The year 1992 will be characterized by massive dividend cuts. The unanimous belief that a fall in interest rates automatically stimulates economies and pushes stock prices higher will be destroyed. In a year's time, all the markets will be substantially lower than people think they will be and the economy will have contracted by another 2 percent with no recovery, making equities vastly overpriced.

Robert Lloyd George, managing director of Lloyd George Management Ltd., Hong Kong.

The dollar will be devalued for political reasons having to do with the election year in the U.S. And the yen, as the most undervalued currency with the best fundamentals, will drop to 95 to the dollar. This will have great implications for Asia because Japan will become a major capital exporter the way it was in 1986.

• **Catastrophes — natural and otherwise.**

Horatio Valeiras, European strategist, Credit Suisse First Boston, London.

If there were an earthquake in Tokyo... there would be jitters in Japan. Buy gold and invest in U.S. and European companies.

Warren Oliver, senior economist, UBS Philips & Drew, London.

Germany's Chancellor Helmut Kohl resigns over the massive costs of reunification. French President François Mitterrand decides that a second term was a mistake and resigns. Unlike the German scenario this might not have a negative effect on the markets.

Mitchell Held, Chief Financial Economist, Smith Barney, Harris Upham & Co., New York.

The strangest thing that may happen is that the recovery will work.

Horatio Valeiras, European strategist, Credit Suisse First Boston, London.

If the Queen of England were to abdicate her throne to Prince Charles... architects would panic.

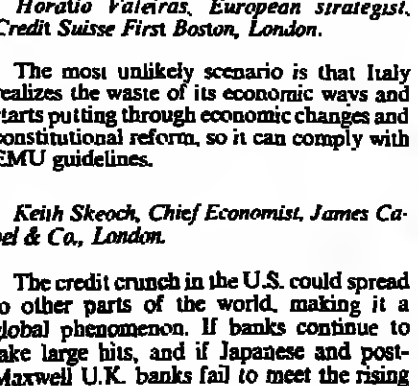
Robert A. Brusca, head of Economic Research, Nikko Securities Co. International, New York.

You want an unlikely scenario? We all live happily ever after.

• **Analysts insisting on anonymity.**
Libya applies for membership in the EC in exchange for a guaranteed energy supply.

There is a public finance scandal in Germany, when it's found that the government has been selling forged pieces of the Berlin wall.

Compiled by Steven Brull in Tokyo, Laurence Zuckerman in Hong Kong, and Katherine Burton, Philip Crawford and Martin Baker in Paris.



SPORTS

Robinson Quickly Ends Christmas for Knicks

New York Times Service

NEW YORK — In a performance that inspired his teammates and deflated the New York Knicks, David Robinson led the San Antonio Spurs to a 118-89 victory that gave New York a jolt of reality one day before Christmas. It was the Knicks' first defeat at home this season.

Robinson finished with 31 points, 11 rebounds and 7 blocked shots and played as if he wanted to make a statement to Patrick Ewing and to the Knicks. And he surely did, thoroughly outplaying Ewing (17 points, 12 rebounds), who will be his teammate on next year's U.S. Olympic team.

The loss not only ended the Knicks' home unbeaten streak at 11 games, but also ended their overall winning streak at four games. And it gave the Spurs a 2-0 season sweep of the Knicks.

San Antonio shocked the Knicks and the crowd by rolling to a 55-39 halftime lead. The half belonged to Robinson, who dominated at both ends with 19 points, 7 rebounds, and 4 blocks. That's a full-night's work for most centers. For Robinson, it was an impressive statement that his already awesome game has not reached its peak.

Robinson was an equal-opportunity shot-blocker. He wanted a piece of everyone's shot. In the opening half, he blocked shots by Ewing, Gerald Wilkins, Anthony Mason and John Starks.



Will Pardue had his ball spoiled in Atlanta by the Hawks' Blair Rasmussen, but Chicago still won, 122-111.

Steinbrenner: A Return as Yanks' Boss?

By Jack Curry

New York Times Service

NEW YORK — George Steinbrenner has quietly, but determinedly, started on the road back, but neither he nor any of his partners in the Yankees' ownership are talking about his effort to regain his role as the team's managing partner.

Steinbrenner and the partners met in Fort Lauderdale, Florida, on Thursday, five days before Robert Niderlander is scheduled to step down as managing partner, the role from which Steinbrenner was ousted by Commissioner Fay Vincent 19 months ago.

No one at the meeting issued a report on the proceedings, and those asked about it declined to comment. But a source who had some knowledge of what occurred said that Steinbrenner had reported on his plans to seek reinstatement from Vincent and to return as managing partner, and that no one objected to those plans.

Vincent has repeatedly said that he will not entertain the possibility of reinstating Steinbrenner until two lawsuits stemming from Steinbrenner's banishment are dropped.

Although Steinbrenner's reinstatement is not a certainty—there is a mixed feeling in baseball's official circles about such a development—what does seem to be certain is that Vincent will not permit Steinbrenner back until next August.

At that time, the Yankee owner will have been removed from day-to-day control of the team for two years, the period for which the commissioner originally intended to suspend him. It was Steinbrenner who balked at the suspension and agreed to a penalty that has turned out to be far more severe.

Vincent said he was aware that the meeting was being held but said he did not know what had taken place. Restating his position about Steinbrenner's status in relation to the lawsuits, he said: "The first step has to be to dispose of the lawsuits. Until the lawsuits are disposed of, there will be no substantive discussions."

Vincent did not say so, but he and his lawyers have apparently received indications that steps will be taken shortly to remove that obstacle.

2 French Crewmen Die in Rally Crash

PARIS (Reuters) — Two service personnel died instantly Friday when their vehicle crashed and exploded at the end of the 421-kilometer (262-mile) second stage of the Paris-Cape Town rally, French radio reported.

They were identified as Jean-Marie Soumillac, 43, and Laurent Labourgeis, 28, both of France. They were part of the crew for former world sports car champion Jean-Louis Schlesser of France.

According to witnesses, their Range Rover rolled over on a flat section and blew up shortly before the stage finish in Sabal, central Libya.

Czech Team Beats Japanese in Perth

PERTH, Australia (AP) — Karel Novacek and Helena Sukova defeated Yasufumi Yamamoto and Kimiko Date, 6-2, 6-4, for a mixed-doubles victory Friday night that gave Czechoslovakia a 2-1 victory over Japan in the first round of the Hopman Cup team tennis tournament.

Date gave Japan a 1-0 lead by defeating Sukova, 6-3, 2-6, 7-5, in the women's singles. Yamamoto, rated 824th in the world, lost to Novacek's eighth, put up a tough fight but lost the men's singles, 6-4, 6-7 (8-10), 6-3.

Wacher Named Coach at Minnesota

MINNEAPOLIS (AP) — Jim Wacher, who coached Texas Christian to only two winning seasons in nine years, was named the football coach Friday at Minnesota.

Wacher, whose Horned Frogs finished 7-4 this season, replaces John Gutekunst, who resigned under pressure as the Gophers went 2-9.

Wacher, 54, who agreed to a \$125,000 base salary for five years, also receives \$125,000 per year for radio and television shows, personal appearances, endorsements and other related activities.

Howe May Face Felony Drug Charge

WHITEFISH, Montana (NYT) — Federal prosecutors are considering expanding the misdemeanor drug charge against Steve Howe, a pitcher for the New York Yankees, to a felony.

Ben Yarbrough, the chief of the federal Drug Enforcement Administration in Montana, said Thursday in a telephone interview from his office in Great Falls that the case could be widened from possession of cocaine to "conspiracy to be involved in a drug scheme."

Howe, who has a home in Whitefish, was arrested on Dec. 19 in a parking lot on Meridian Road in Kalispell, a city 14 miles south of Whitefish. The DEA's criminal complaint said Howe paid \$100 to buy a gram of cocaine from a law enforcement informant.

Southernly Halts Hobart Record Run

SYDNEY (Reuters) — The pocket-mani 2UE-Mitre 10 sped down the east coast of Australia under spinners to overtake the yacht Amazon and reach the Bass Strait two hours and 15 minutes inside the Sydney-to-Hobart race record before running into a 20 knot southerly blowing up from the Southern Ocean late Friday.

"She is just about to come to a grinding halt," one race official said. "The southerly change was welcomed by Amazon and the third-place Brindabella, since both are able to make good headway into the breeze."

For the Record

Bobby Ross, the Georgia Tech coach, is the leading candidate to replace Dan Henning as the San Diego Chargers' coach, the NFL team's general manager, Bobby Beathard, said.

Desert Orchid, the 12-year-old gray who fell while going for a record-breaking fifth triumph in the King George VI Chase, will be retired, owner Richard Burridge said Friday.

Atsumoe, the Hawaiian who is poised to become a sumo grand champion, announced that he will begin the naturalization process to become a Japanese citizen after he marries his fiancée, fashion model Sumiko Shioda, next February.

The men's World Cup alpine ski races were snowed out last weekend will be rescheduled, the World Cup Committee of the International Ski Federation announced Friday.

A Growing Pain: Keeping Baseball's Old Rivalries

By Claire Smith

New York Times Service

NEW YORK — Let's face it: Whether baseball allows George Steinbrenner to return to the Yankees is rapidly becoming a boring issue in New York and a nonissue west of the East River.

So, how about a couple of issues that really cut to the core in major league baseball. North, South, East and West. The National League is tinkering with the notion of realignment. We're talking radical changes here, on two different tiers.

The reason? The National League, unlike the American League, has insisted that its intradivision rivalries mean something—National League teams play within the division many more times than they play outside.

And because the National League developed its schedule with that emphasis in mind since the very start of division play in 1969, the competition within competition is real and intense, year in, year out, between teams like the Mets and the Cubs, the Mets and the Cardinals, the Dodgers and the Reds, the Dodgers and the Braves.

Now the National League is striving to maintain the integrity of that schedule, even when it grows from 12 teams to 14 in 1993. And, says Bill White, president of the National League, "the schedule depends on the realization of realignment. That's the most important thing right now. If we don't realign, then we have to turn to other options."

One of the other options would be to adopt the 14-team American League's schedule, the one that allows for only 13 games against division rivals but 12 against teams in the other division. The schedule is one of the more maligned in sports.

And it should be because the American League inexplicably reduces the importance of games between traditional rivals like the Yankees and Red Sox by giving them approximately the same numerical value as games between the Yankees and the Mariners or the Red Sox and the Rangers.

National League teams play 18 games against division opponents and 12 against nondivision teams. It is a schedule that has been applauded for its beauty and its guarantee that proper emphasis is given its races, especially come September and October, when all National League teams stay and play within their divisions.

"Yes, we pride ourselves in playing more games within the division because we believe it makes for a truer division championship race," said Katy Feeney, vice president of public relations for the National League.

Since the schedule is held dear in the National League, a dual set of soul-searching exists as clubs not only consider the ramifications of realignment, but also the fate of the unbalanced format. Both are interlocked, as White suggests. Both will require the kind of radical thinking that is usually absent from such a conservative game.

Take realignment. The proposal now under consideration is to move Chicago and St. Louis to the National League West in 1993, allowing them to switch places with Atlanta and Cincinnati.

WHY? WELL, THE current alignment has been tough as well as lacking in geographic sense. Atlanta and Cincinnati may be east of the Mississippi, but they landed in the West division because of a reluctance to separate the St. Louis Cardinals from their traditional rivals, the Chicago Cubs.

So it did not matter back in 1969 that the Braves, who reside in a state that touches the Atlantic Ocean, would be required to play more games in cities on the Pacific (27) in one season than they are in cities on their coast.

Such hardships would all be fixed with the new alignment.

"It would give us one division with seven teams in the same time zone," Feeney said. "And the other division would have three teams on Pacific time, three on Central time and one on Mountain time."

ANY ONE of the four teams involved in realignment could veto the deal, which also requires approval of 9 of the 12 existing teams. "We want to decide as soon as we can," said White. "Hopefully, we will have a decision between the end of January and before the owners' meeting in March."

Potential roadblocks exist. The divorce of teams like the Mets and the Cubs could cause even more acute pain to traditionalists if the proposed 20-6 split between division and nondivision games within a given year is also adopted. That would mean only six Mets-Cubs games a year, six Dodgers-Reds games a year.

Also, the Cubs already have many games in nonprime time hours, thanks to the many day games at Wrigley Field. If they move into the West Division, they might have to play as many as 30 games from the West Coast, many at night, pushing into late-night hours, not to mention late-night news slots on television.

Should any team veto the moves, the league could resort to an American League schedule. White said, "It's a great possibility," he said emphatically, something anyone who cares about the integrity of the National League schedule should take as a serious threat.

It's a lot for the 12 clubs to contemplate. To the league's credit, it is willing to experiment with the possible.

If the Nationals do realign, if the unbalanced schedule is maintained, it would be nice if the league did one thing more—blueprint the plan and ship it to the American League.

Persuade the American League West teams to cut the umbilical cords to New York, Detroit and Boston, teams that still represent top draws west of the Mississippi. Show the other guys how to make division rivalries really mean something.

BOOKS

EDGAR A. POE: Mourful and Never-Ending Remembrance

By Kenneth Silverman. 564 pages. \$27.50. HarperCollins Publishers, 10 East 53d Street, New York, N.Y. 10022.

Reviewed by Thomas M. Disch

POOR Poe. No other American writer of equivalent fame led such a consistently miserable life: abandoned by his father in infancy; orphaned at age 3 and entrusted to the care of a Richmond merchant, John Allan, who renounced Poe and cut him out of his will; perpetually impoverished and obliged often to sell his best work for a pittance; saddled with a wife and mother-in-law as poor as he; who, as well, his first cousin and aunt, in a marriage that was probably unconsummated; an alcoholic with a penchant for disgracing himself at those rare intervals when a glimmer of sunlight appeared through the clouds of his consistently wretched life; thwarted in virtually all his ambitions. There can have been little happiness for Poe except when he was in the embrace of his Muse, and she was fickle, frowsy, and not always composed of roses.

Poor Poe, but poor Kenneth Silverman, too. For to explore Poe's life and lack of character as extensively as a biographer must is to invite disenchantment with both the man and his work. Poverty

rarely enables, stifled ambition breeds envy and vindictiveness. Practiced liars are liable to become self-deceivers.

Silverman's is in every respect, including its relative brevity, the best biography of Poe yet written, a position held heretofore by Hervey Allen's of 1934. Allen is much more inclined than Silverman to take Poe at his word, to extenuate his faults, and simply to like him. He is also inclined to gush, and his critical perceptions rarely exceed 40 watts.

Silverman casts a much colder eye. He is willing to dismiss most of Poe's criticism as bombast and pedantry, his haughty-jobs inspired by envy and his raves by syncopephany. He would accuse other writers—especially his nemesis, Longfellow—of plagiarisms visible to no eye but his own, while he was an unconscionable plagiarist himself.

Nothing in Poe's life so disgraced him as the leaving of it, and the last quarter of Silverman's book is devoted to the period from the summer of 1848 to his death in October of 1849. His child-hrde, Virginia, had died of tuberculosis the year before, and Poe, his creative energies seemingly exhausted, turned (fortune) to writing several prospective brides simultaneously. The extensive correspondence that has survived shows Poe at his most elegant.

When his drunkenness caused his first engagement to be broken off, he returned to his hometown of Richmond, where he had a second widow in reserve. Evidently he had a way with the ladies. His prob-

lem was rather in moving from the drawing room to the nuptial chamber, for his horror of conjugal relations (and gossip physical intimacy was so great that when there seemed no way to escape marriage to his second betrothed he absconded to Baltimore and drank himself to death.

Silverman's most considerable achievement is that he manages to paint a sympathetic portrait. His Poe is more sinned against than sinning, a victim of an age when only those with private incomes could aspire to careers in the arts. Few American writers (excepting those born into slavery) have accomplished their work in circumstances of such desperate poverty. As to his duplicities, they can be seen as complementary to the trickster side of his character and his art.

Finally, of course, it is the work, and not the life, that makes us bother with the man at all, and if Silverman's biography has a flaw it is in the perfunctory nature of his examination of the major tales. For a just critical estimate of Poe's work, for an explanation of why he actually matters, the best book is still Daniel Hoffman's study of 1972. But so little is known of Poe's circumstances in the years when he was accomplishing his best work that a biographer cannot hope to offer much direct critical illumination in any case.

Thomas M. Disch, a poet and novelist whose most recent books are "The M.D." and "Dark Verses and Light," wrote this for The Washington Post.

BRIDGE

By Alan Truscott

OF the 13 former world champions who did advance to the final of the Reisinger Beard-a-Match Teams earlier this month, only three made a serious challenge for the title, placing third. They were George Rapee, who won the Bermuda Bowl in 1950, 1951 and 1953, John Solodar and Russ Arnold, who won the same title as teammates a decade ago.

On the diagramed deal from the Reisinger, Rapee, who, at age 76, is probably the oldest person in the world who plays effectively in the highest levels of competition, opened one no-trump, which was obvious enough.

What was much less obvious was how to make this contract after an opening heart lead was won with the king. At many tables, South led the club queen at the second trick, insuring six tricks with some hope of a seventh. Those declarers failed, because the defense established hearts in time: South was unable to score a diamond trick.

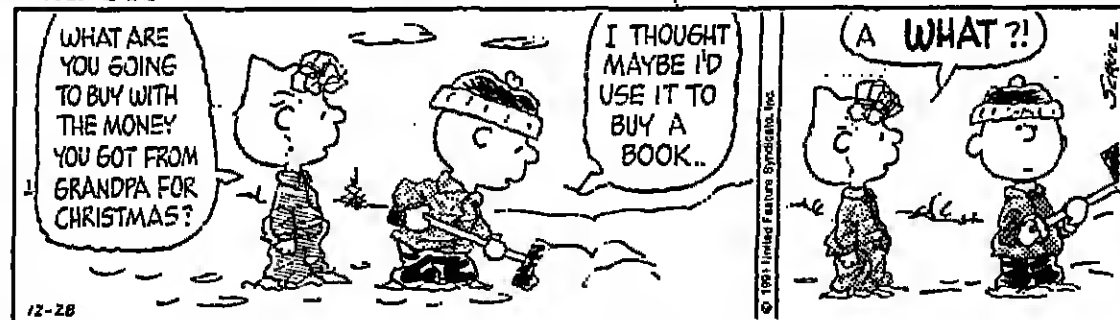
Rapee solved the problem by leading the diamond king at the second trick, giving himself two chances. If East held up, as he did, South could lead the club queen and be sure of seven tricks and a victory. If East had taken the diamond ace, South would have had an entry to dummy and would have emerged with an overtrick by taking the club finesse.

Of course, if East had taken the diamond ace and West had held the club king, South would have been exposed to a biting wind and suffered a heavy penalty. But a biting wind is no surprise in Indianapolis in December.

NORTH		EAST	
♠	K J 9 2	♠	A Q 7
♥	Q J 8 7 3	♥	K J 8 4
♦	10 9 3	♦	6 A 10 2
♣	A 7	♣	Q J 6 2
SOUTH		WEST	
♠	7 6 5	♠	8 4
♥	K 6 4	♥	10 9 8 7
♦	A Q J 6 2	♦	10 9 8 7
♣	—	♣	—

West led the heart nine.

PEANUTS



BEETLE BAILEY



CALVIN AND HOBBES



WIZARD of ID



REX MORGAN



GARFIELD



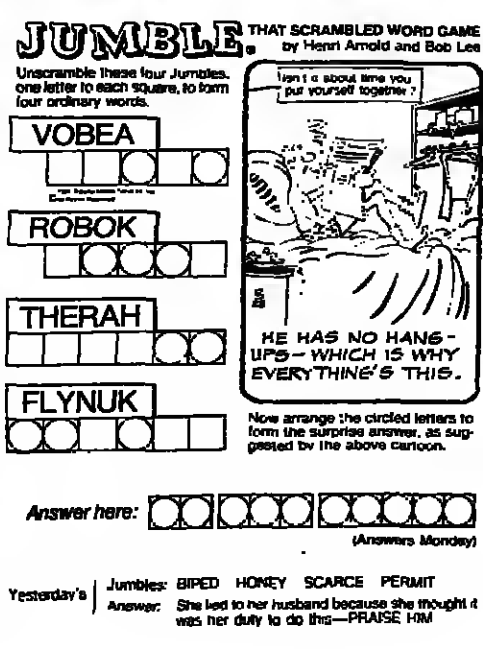
DOONESBURY



DENNIS THE MENACE



JUMBLE



BLONDIE



